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code of federal regulations

Labor

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29

PARTS 0 TO 99

Revised as of July 1, 1986

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code of federal regulations

Labor

29

PARTS 0 TO 99

Revised as of July 1, 1986

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thus: 29 CFR 0.735-1

Explanation

The Code of Federal Regulations is a codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. The Code is divided into 50 titles which represent broad areas subject to Federal regulation. Each title is divided into chapters which usually bear the name of the issuing agency. Each chapter is further subdivided into parts covering specific regulatory areas.

ISSUE DATES

Each volume of the Code is revised at least once each calendar year and issued on a quarterly basis approximately as follows:

Title 1 through Title 16	as of January 1
Title 17 through Title 27	as of April 1
Title 28 through Title 41	as of July 1
Title 42 through Title 50	as of October 1

The appropriate revision date is printed on the cover of each volume.

LEGAL STATUS

The contents of the Federal Register are required to be judicially noticed (44 U.S.C. 1507). The Code of Federal Regulations is prima facie evidence of the text of the original documents (44 U.S.C. 1510).

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The Code of Federal Regulations is kept up to date by the individual issues of the Federal Register. These two publications must be used together to determine the latest version of any given rule.

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The Paperwork Reduction Act of 1980 (Pub. L. 96-511) requires Federal agencies to display an OMB control number with their information collection request. Many agencies have begun publishing numerous OMB control numbers as amendments to existing regulations in the CFR. These OMB numbers are placed as close as possible to the applicable recordkeeping or reporting requirements.

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A subject index to the Code of Federal Regulations is contained in a separate volume, revised annually as of January 1, entitled CFR INDEX AND FINDING AIDS. This volume contains the Parallel Table of Statutory Authorities and Agency Rules (Table I), and Acts Requiring Publication in the Federal Register (Table III). A list of CFR Titles, Chapters, and Parts and an alphabetical list of agencies publishing in the CFR are also included in this volume.

An index to the text of "Title 3—The President" is carried within that volume.

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For a summary, legal interpretation, or other explanation of any regulation in this volume, contact the issuing agency. Inquiries concerning editing procedures and reference assistance with respect to the Code of Federal Regulations may be addressed to the Director, Office of the Federal Register, National Archives and Records Administration, Washington, D.C. 20408 (telephone 202-523-3517). Sales are handled exclusively by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402 (telephone 202-783-3238).

JOHN E. BYRNE,
Director,
Office of the Federal Register.

July 1, 1986

THIS TITLE

Title 29—LABOR is composed of seven volumes. The parts in these volumes are arranged in the following order: Parts 0-99, Parts 100-499, Parts 500-899, Parts 900-1899, Parts 1900-1910, Parts 1911-1919, and Part 1920 to end. The contents of these volumes represent all current regulations codified under this title as of July 1, 1986.

Subject indexes appear following the occupational safety and health standards (Part 1910) and following the safety and health regulations for: Longshoring (Part 1918), Gear Certification (Part 1919), and Construction (Part 1926).

Redesignation tables appear in the Finding Aids section of certain volumes.

For this volume LaJuana D. Caldwell was the Chief Editor. The Code of Federal Regulations publication program is under the direction of Martha B. Girard, assisted by Robert E. Jordan.

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VIII

Title 29—Labor

(This book contains Parts 0 to 99)

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CROSS REFERENCES: Railroad Retirement Board: See Employees' Benefits, 20 CFR Chapter II.

Social Security Administration, Department of Health and Human Services: See Employees' Benefits, 20 CFR Chapter III.

EDITORIAL NOTE: Other regulations issued by the Department of Labor appear in 20 CFR Chapters I, IV, V, VI, VII; 41 CFR Chapters 50 and 60. For Standards for a Merit System of Personnel Administration: See 5 CFR Part 900, Subpart F.

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AUTHORITY: E.O. 11222; 3 CFR, 1964-1965 Comp., p. 306; 5 CFR 735.104; 18 U.S.C. secs. 201 through 209, unless otherwise noted.

SOURCE: 33 FR 10432, July 20, 1968, unless otherwise noted.

Subpart A—General

§ 0.735-1 Purpose and scope.

(a) This part is designed to implement provisions of Executive Order 11222 of May 8, 1965, "Prescribing Standards of Ethical Conduct for Government Officers and Employees," and 5 CFR 735.101 et seq. It prescribes standards of conduct for employees of the Department of Labor relating to conflicts of interest arising out of outside employment, private business and professional activities, and financial interests. It sets forth requirements for the disclosure of such interests by Department employees. In addition, it states basic principles regarding employees' conduct on the job and the ethics of their relationship to the Department as their employer. The head of an administration, bureau, or office may with the approval of the Solicitor, adopt additional standards and procedures, not inconsistent with this part. Any such additional standards and procedures shall be furnished in writing to the employees affected. This part applies to all regular and special Government employees except to the extent otherwise indicated herein. For the purpose of this part:

(1) "Regular employee" means an officer or employee of the Department of Labor, but does not include a special Government employee.

(2) "Special Government employee" means an officer or employee of the Department of Labor who is retained, designated, appointed, or employed to perform, with or without compensa-

tion, for not to exceed 130 days during any period of 365 consecutive days, temporary duties either on a full-time or intermittent basis.

(3) "Employee" means a regular and a special Government employee.

(4) The terms "bureau" and "office", except where otherwise indicated, mean a bureau or office which is not a part of a larger administrative subdivision within the Department of Labor.

(b) This part, among other things, reflects prohibitions and requirements imposed by the criminal and civil laws of the United States. However, the paraphrased restatements of criminal and civil statutes in no way constitute an interpretation or construction thereof that is binding upon the Federal Government. Moreover, this part does not purport to paraphrase or enumerate all restrictions or requirements imposed by statutes, Executive orders, regulations or otherwise upon Federal employees. The omission of a reference to any such restriction or requirement in no way alters the legal effect of that restriction or requirement.

§ 0.735-2 Counseling service.

(a) The Solicitor has been designated counselor to the Department in matters within the scope of the regulations in this part. Deputy counselors designated by the Solicitor will be available to consult with employees on questions relating to ethics, conduct, and conflict of interest. Employees are expected to familiarize themselves with the regulations in this part, the laws and regulations on which they are based, and the supplementary instructions issued by the administrations, bureaus, and offices in which they work. Attention of all employees is hereby directed to the statutes set forth in 5 CFR 735.210 (see Appendix A to this part). Attention of employees of the Office of Labor-Management and Welfare-Pension Reports is hereby directed to section 15(b) of the Welfare and Pension Plans Disclosure Act, which prohibits any Department employee from administering or enforcing the Act with respect to any employee organization in which he is a member or employer organization in which he has an interest. Employees who need clarification of the standards of conduct, and related laws, rules, and regulations should consult a deputy counselor.

(b) Each head of an administration, bureau, or office is responsible for application of the standards of conduct to employees under his jurisdiction. He is responsible for assuring that his employees are furnished copies of the regulations in this part not later than 90 days after their approval by the Civil Service Commission. Each new employee shall be furnished such a copy no later than the time of his entrance on duty. The heads of administrations, bureaus, and offices shall assure that employees are advised of the times and places where counseling services are available and the names of the deputy counselors. They shall assure that the regulations in this part are brought to the attention of each employee at least annually and at such other times as circumstances warrant. The heads of administrative subdivisions within the Office of the Secretary which are not a part of larger administrative subdivisions within such Office are responsible for application of the standards of conduct to employees under their jurisdiction and for carrying out the other functions set forth in this section.

§ 0.735-3 General.

(a) Failure of an employee to comply with any of the standards of conduct set forth in this part shall be a basis for such disciplinary or other remedial action as may be appropriate to the particular case. Such remedial action may include, but is not limited to:

(1) Changes in assigned duties;

(2) Divestment by the employee of his conflicting interest;

(3) Disciplinary action; or

(4) Disqualification for a particular assignment.

(b) Remedial action, whether disciplinary or otherwise, shall be effected in accordance with any applicable laws, Executive orders, regulations, and applicable agreements between the Department of Labor and employee organizations.

(c) The head of an administration may delegate authority under the regulations in this part. Delegations shall be at the highest practicable level. Delegations of final authority shall be in writing, in accordance with § 0735.1(a), and any such delegations to employing bureaus or offices within such administrations shall be made to no individual lower than the head or acting head of such bureau or office.

Subpart B—Conduct

§ 0.735-4 General.

(a) The effectiveness of the Department of Labor in serving the public interest depends upon the extent to which the Department and its employees hold the public confidence. Employees are therefore required not only to observe the requirements of Federal laws, policies, orders, and regulations governing official conduct, they must also avoid any apparent conflict with these requirements. Each employee shall avoid situations in which his private interests conflict or raise a reasonable question of conflict with his public duties and responsibility. An employee shall avoid any action, whether or not specifically prohibited, which might result in or create the appearance of using public office for private gain, giving preferential treatment to any person, impeding Government efficiency or economy, losing complete independence or impartiality, making a Government decision outside of official channels, or affecting adversely the confidence of the public in the integrity of the Government.

(b) Employees must conduct themselves in such manner that the work of the Department is effectively accomplished. They must observe the requirements of courtesy, consideration and promptness in dealing with or serving the public and the clientele of the Department. Although it is the policy of the Department of Labor not to restrict or interfere with the private lives of its employees, each employee is expected to conduct himself at all times so that his actions will not bring discredit on the Department or the Federal service. Employees shall not engage in criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct or other conduct prejudicial to the Government.

§ 0.735-5 Nondiscrimination.

No employee in this Department while in the performance of his duty may discriminate against any other employee or applicant for employment because of race, color, religion, national origin, sex, or age.

§ 0.735-6 Indebtedness.

The Department of Labor considers the indebtedness of its employees to be essentially a matter of their own concern. The Department of Labor will not be placed in the position of acting as a collection agency or of determining the validity or amount of contested debts. Nevertheless, failure on the part of an employee without good reason and in a proper and timely manner to honor his just financial obligations; that is, debts acknowledged by him to be valid or reduced to judgment by a court or to make or to adhere to satisfactory arrangements for the settlement thereof may be the cause for disciplinary action. In this connection each employee has a special obligation to meet his responsibilities for payment of Federal, State, and local taxes. For the purpose of this section, "in a proper and timely manner" means in a manner which the Department determines does not, under the circumstances, reflect adversely on the Government as his employer.

§ 0.735-7 Gambling, betting, and lotteries.

An employee shall not participate, while on Government owned or leased property or while on duty for the Government, in any gambling activity, including the operation of a gambling device, in conducting a lottery or pool, in a game for money or property, or in selling or purchasing a numbers slip or ticket. However, this section does not preclude activities:

(a) Necessitated by an employee's law enforcement duties; or

(b) Under section 3 of Executive Order 10927 and similar agency-approved activities.

§ 0.735-8 Misuse of official information.

Employees may not, except with specific permission or as provided in § 0.735-11 in regard to teaching, lecturing, or writing, directly or indirectly use or allow the use of official information for private purposes or to further a private interest when such information is not available to the general public; nor may employees disclose official information in violation of any applicable law, Executive order, or regulation.

§ 0.735-9 Misuse of Federal property.

An employee shall not directly or indirectly use or allow the use of Government property, including property leased to the Government, for other than officially approved activities. An employee has a positive duty to protect and conserve such property and shall obey all rules and regulations applicable to its use.

§ 0.735-10 Partisan political activities.

Employees are expected to observe the prohibitions on political activities set forth in subchapter III of chapter 73 of title 5, United States Code; 18 U.S.C. 602, 603, 607, and 608; and Civil Service Rule IV, Title 5 Code of Federal Regulations section 4.1. Explanations of the restrictions are set forth in the Employee Handbook, U.S. Civil Service Commission Pamphlet No. 20, and in the Federal Personnel Manual.

Subpart C—Outside Interests, Employment, Business and Professional Activities

§ 0.735-11 General.

(a) In the absence of restrictions made necessary by a Department employee's public responsibilities, he is entitled to the same rights and privileges as all other citizens. There is therefore no general prohibition against Department employees holding jobs, financial interests, or engaging in outside business or professional activities. Indeed, such outside activities as teaching, lecturing, and writing are generally to be encouraged since they frequently serve to enhance an employee's value to the Government as well as to increase the spread of knowledge in our society. The employing administration, bureau, or office, may, however, impose reasonable restrictions upon such activities where appropriate and in accordance with § 0.735-1. In addition, an employee may not, whether for or without compensation, engage in teaching, lecturing, or writing, including teaching, lecturing, or writing for the purpose of the special preparation of a person or class of persons for an examination of the Civil Service Commission or Board of Examiners for the Foreign Service, that is dependent on information obtained as a result of his Government employment, except when that information has been made available to the general public or will be made available on request or when the head of his employing administration, bureau, or office gives written authorization for the use of nonpublic information on the basis that its use is in the public interest. In addition, an employee who is a Presidential appointee covered by section 401 of Executive Order 11222 of May 8, 1965, shall not receive compensation or anything of monetary value for any consultation, lecture, discussion, writing, or appearance, the subject matter of which is devoted substantially to the responsibilities, programs, or operations of his agency, or which draws substantially on official data or ideas which have not become a part of the body of public information.

(b) No employee of the Department of Labor may accept any outside employment, engage in any outside business, professional, or other activity, or have financial interests if such employment, activity, or interests would be or appear to be in substantial conflict with the interests of the Department or the Government, would interfere with the performance of official duties, would prevent a regular employee from rendering full-time service to the Department or require so much time that his efficiency is impaired, or if such employment, activity, or interests would bring discredit on the Department or the Government. In addition, no employee may engage, directly or indirectly, in a financial transaction as a result of, or relying primarily on, information obtained through his Government employment.

(c) No employee may use or appear to use his Government employment to coerce any person, enterprise, company, association, partnership, society, or other organization or instrumentality to provide financial benefit to himself or another person.

§ 0.735-12 Conflict-of-interest laws.

Sections 201 through 209 of title 18, United States Code, prohibit and provide criminal penalties for certain acts by Government employees involving conflict-of-interest situations, including limited exceptions for special Government employees. These provisions include the following prohibitions:

(a) Section 203, in general, prohibits a Federal employee from soliciting, receiving, or agreeing to receive compensation for services rendered on behalf of another before a Government department or agency in relation to any particular matter in which the United States is a party or has a direct and substantial interest.

(b) Section 205, in general, prohibits a Federal employee from acting as agent or attorney for prosecuting any claim against the United States or acting as agent or attorney for anyone before any Federal courts or agencies in connection with any particular matters in which the United States is a party or has a direct and substantial interest. It also prohibits him from receiving any gratuity, or any share of or interest in any claim against the United States in consideration of assistance in the prosecution of such claim.

(c) Section 208, in general, prohibits a Government employee in his official capacity from participating personally and substantially through decision, approval, disapproval, recommendation, the rendering of advice, or otherwise in any particular matter in which, to his knowledge, he, his spouse, minor child, partner, organization in which he is serving as officer, director, trustee, partner, or employee or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment has a financial interest. In accordance with the provisions of section 208(b)(2), the financial interests described below are hereby exempted from the prohibition of 18 U.S.C. 208 as being too remote or too inconsequential to affect the integrity of an employee's services in a matter: the policy holdings in an insurance company and the stock or bond holdings, in a mutual fund, investment company, or bank which owns an interest in an entity involved in the matter: *Provided,* That in the case of a mutual fund, investment company, or bank the fair value of such stock or bond holding does not exceed 1 percent of the value of the reported assets of the mutual fund, investment company, or bank. In addition, the prohibitions of section 208(a) shall not apply if the employee obtains advance clearance in accordance with the requirements of sections 208.

(d) Section 209, in general, prohibits regular Government employees from receiving salary or supplementation of salary as compensation for their Government service from any source other than the United States. The statutory provisions described in this section are intended to call each employee's attention to problem areas and are not intended as a comprehensive description or interpretation of statutory prohibitions or the exceptions thereto. Employees who need guidance concerning the scope and application of the conflict-of-interest laws and their exceptions should consult a deputy counselor.

§ 0.735-13 Clearance.

(a) Any employee who is engaged or is planning to engage in outside employment, business, professional, or other such activities has a positive obligation to inform himself fully concerning the requirements of this subpart and any laws, orders, regulations, or standards applicable to such activities. An employee shall request clearance from the head of his administration, bureau, or office as to whether such planned or current activities are prohibited:

(1) When such activities raise a substantial question of conflict with this subpart or any applicable laws, orders, regulations, or standards;

(2) When applicable laws, orders, regulations, or standards require clearance of such activities; or

(3) When the employee is specifically so required by the individual responsible for clearance in order to

avoid possible conflict with applicable laws, orders, regulations, or standards. The clearance request shall be in writing and shall include, at a minimum, the identity of the employee, a statement of the nature of the employment or activity, and the amount of time to be devoted to the employment or activity. The head of the employing administration, bureau, or office may require the employee to furnish such other information as may be appropriate in considering the clearance request. He may grant clearance only when he believes such activities would be consistent with applicable laws, orders, regulations, and standards. He shall consult fully with the Solicitor where appropriate. If clearance is not granted, the employee shall not commence or continue the outside employment or activity.

(b) The Secretary or his designee will handle requests for clearance by the heads of administrations, bureaus, offices, Presidential appointees, members of boards or commissions appointed by the Secretary, employees in the immediate Office of the Secretary. Clearance matters involving other employees in the Office of the Secretary will be handled by the head of the employing subdivision within such office which is not a part of a larger subdivision.

(c) The requirements set forth in this subpart are separate from and in addition to any provision under Subpart E of this part requiring an employee to submit a statement of employment and financial interests or any other requirements of that subpart.

Subpart D—Gifts, Fees, Entertainment, and Favors

§ 0.735-14 Acceptance of gratuities generally.

No employee shall solicit, accept, or agree to accept any direct or indirect favor, gift, loan, free service, gratuity, entertainment, or other item of economic value if the donor has or is seeking to obtain contractual or other business or financial relations with the Department, has interests that may be substantially affected by the performance or nonperformance of official duties, is attempting to reward or influence the employee's official actions, or if acceptance of such item could affect the employee's impartiality, or give that appearance. An employee shall not accept a gift, present, decoration, or other thing from a foreign Government unless authorized by Congress as provided by the Constitution and in 5 U.S.C. 7342. No regular Government employee may receive any salary or supplementation of salary from a private source as compensation for services to the Government.

§ 0.735-15 Payments, expenses, reimbursements, entertainment, etc., from nongovernment sources.

(a) In general, Decision B-128527 of the Comptroller General dated March 7, 1967, restricts receipt of reimbursement for travel, subsistence, or other expenses from private sources by an employee on official business under agency orders. This decision or other regulations in this part do not restrict acceptance of contributions, awards, travel, subsistence, and other expenses from nonprofit organizations authorized by 5 U.S.C. 4111 and regulations issued thereunder; *Provided,* That an employee may not, without the written permission of the head of his employing administration, bureau, or office, or other person responsible for clearance of outside activities under § 0.735-13 (except as allowed by § 0.735-17(a)(6)), accept from nongovernmental sources any payments, expenses, reimbursements, entertainment, or other item of economic value incident to training, attendance at meetings of any kind, or other activities, if such training, meetings, or activities are attended or performed wholly or partially within periods when he is on duty or at such times as the Department pays any expenses incident thereto in whole or in part. Such authorization may not be granted where prohibited by law or Decision B-128527 of the Comptroller General and may only be granted if acceptance of the contribution, award, or payment:

(1) Would not reflect unfavorably on the ability of the employee to carry out his official duties in a fair and objective manner;

(2) Would not compromise the honesty and integrity of the Government programs or of Government employees and their official actions or decisions;

(3) Would be compatible with the Code of Ethics for Government Service expressed in House Concurrent Resolution 175, 85th Congress, second session;

(4) Would otherwise be proper and ethical for the employee concerned under the circumstances in his particular case; and

(5) If the contribution, award, or payment is not a reward for services to the organization prior to the training or meeting. Authorization shall be limited to receipt of bona fide reimbursement for actual expenses of travel and other necessary subsistence for which no Government payment or reimbursement is made. However, an employee may not be reimbursed and payment may not be made on his behalf for excessive personal living expenses, gifts, entertainment, or other personal benefits.

§ 0.735-16 Contributions and gifts to superiors.

No employee may solicit contributions from another employee for a gift to an employee in a superior official position. An employee in a superior official position shall not accept a gift presented as a contribution from employees receiving less salary than himself. An employee shall not make a donation as a gift to an employee in a superior official position. This section does not prohibit voluntary gifts of nominal value or donations in a nominal amount made on a special occasion such as marriage, illness, etc.

§ 0.735-17 Permissible gifts.

(a) The prohibitions in this subpart do not preclude:

(1) Acceptance of unsolicited advertising or promotional material of nominal intrinsic value;

(2) Acceptance of an award for meritorious public contribution given by a charitable, religious, professional, social, fraternal, nonprofit educational, recreational, public service, or civic organization;

(3) Acceptance of gifts resulting from obvious family or personal relationships when the circumstances make clear that it is those relationships rather than the business of the persons concerned which are the motivating factor;

(4) Acceptance of loans from banks, or other financial institutions on customary terms to finance proper and usual activities;

(5) Acceptance of scholarships, fellowships, and similar forms of assistance which are incident to education or training pursued by an employee on his own time and his own initiative;

(6) Acceptance, without permission, of food, entertainment, and refreshments of nominal value on infrequent occasions in the ordinary course of a meeting, inspection tour, or training situation in which the employee is properly in attendance.

(b) Notwithstanding any reference to generally permissible gifts in this subpart, employees are expected to avoid any conflict or apparent conflict between their private interests and those of the Department and to observe the other standards of conduct set forth in Subpart B of this part.

Subpart E—Statements of Employment and Financial Interests

§ 0.735-18 Regular employees required to submit statements.

The following regular employees are required to submit to the head of the employing administration, bureau, or office statements of employment and financial interests on forms approved by the Solicitor and furnished to the employees. Such forms must be completed in accordance with instructions applicable thereto. Forms shall be submitted not later than 90 days after the effective date of the regulations in this part, if employed on or before that effective date or 30 days after his entrance on duty, but not earlier than 90 days after the effective date if appointed after the effective date.

(a) Employees paid at a level of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code; except the Secretary of Labor who is subject to separate reporting requirements under section 401 of Executive Order 11222;

(b) The Deputy Under Secretary, Deputy Assistant Secretaries, Deputy Solicitor, and all Assistants and all grades GS-13 and above executive or special assistants to the Secretary, Under Secretary, Assistant Secretaries, or the Solicitor;

(c) The heads of all administrations, bureaus, and offices, as defined in § 0.735-1. The heads of all bureaus and offices within an administration which are not a part of a larger administrative subdivision within such administration;

(d) The heads of all subdivisions within the Office of the Secretary which are not a part of a larger administrative subdivision within that Office;

(e) Employees in hearing examiner positions as defined by § 930.202(c) of the Civil Service Commission regulations (5 CFR 930.202(c));

(f) Employees, grade GS-13 and above occupying the following positions:

OFFICE OF THE SECRETARY

Immediate Office of the Secretary

Executive Secretary, Intra-Departmental Economic Advisory Committee.
Secretary's Regional Representative.

Office of the Assistant Secretary for Administration

- Office of Financial Management and Administration:
  - Director.
  - Chief, Division of Audit.
  - Auditors.
- Office of Administrative Services:
  - Director.
  - Procurement Officer.
- Office of Employee Utilization and Development:
  - Director.
  - Executive Development Officer.
  - Employee Development Officer.
- Office of Program and Budget Review:
  - Director.
  - Assistant Director for Budget Review.
  - Assistant Director for Program Review.
- Office of Federal Contract Compliance:
  - Director.
  - Assistant Director for Compliance Operations.
  - Assistant Director for Program Policy.

Office of Information, Publications, and Reports

Deputy Director.

OFFICE OF THE SOLICITOR

- Associate Solicitors.
- Deputy Associate Solicitors.
- Regional Attorneys.
- Division of Litigation:
  - Chief Trial Attorney.
  - Counsel for Regional Litigation.
- Division of Interpretations and Opinions:
  - Counsel for Construction Wage Standards.
- Division of Wage Determinations:
  - Associate Administrator.
  - Deputy Associate Administrator.

BUREAU OF LABOR STATISTICS

Deputy Commissioner.
Director, Office of Administrative Management.
Deputy Director, Office of Administrative Management.
Chief, Division of Fiscal Management and Services.

WAGE AND LABOR STANDARDS ADMINISTRATION

Office of the Wage and Labor Standards Administration

Deputy Administrator.
Director, Office of Planning.

Bureau of Labor Standards

Deputy Director.
Director, Office of Occupational Safety.
Regional Directors, Office of Occupational Safety.

Bureau of Employees' Compensation

Deputy Director.
Assistant Director for Administrative Management.
Assistant Director for Longshoremen's and Harbor Workers' Compensation.
Deputy Commissioners, District Offices.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

- Deputy Administrator.
- Director, Division of Administration and Management.
- Chief, Division of Trade Union Exchange Programs.
- Division of International Exhibitions:
  - Chief.
  - Deputy Chief.
- Division of Foreign Economic Policy:
  - Chief.
  - International Economists.

WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

Deputy Administrator.

Assistant Administrator for Compliance and Enforcement.
Assistant Administrator for Research and Legislative Analysis.
Assistant Administrator for Planning and Management.
Assistant to the Administrator.
Chief, Division of Regulations and Exemptions.
Chief, Division of Wage Determinations.
Regional Directors.
Deputy Regional Directors.
Assistant Regional Directors.
Assistants to the Regional Directors.
Directors of District Offices.
Field Office Supervisors.
Director of the Puerto Rico Area Office.
Assistant Director of the Puerto Rico Area Office.

LABOR MANAGEMENT SERVICES ADMINISTRATION

Deputy Administrator.
Director, Office of Labor-Management Relations Services.
Director, Office of Labor-Management Policy Development.
Director, Office of Administration and Management.
Director, Office of Veterans Reemployment Rights.

Office of Labor-Management and Welfare-Pension Reports

Professionals, Office of the Director.
Professionals, Division of Compliance Operations.
Division of Reports and Analysis:
  Director.
  Deputy Director.
  Branch Chiefs.
  Supervisory Staff Accountants, Branch of Financial Analysis.
Director, Division of Technical Assistance.
Division of Regulations and Administrative Rulings:
  Director.
  Branch Chiefs.
  Chief, Section of Bonding.
  Chief, Section of Rulings (Welfare and Pension Plans).
Field:
  Regional Directors.
  Assistant Regional Directors.
  Area Directors.

MANPOWER ADMINISTRATION

Office of the Manpower Administrator

Deputy Manpower Administrator.
Assistant Manpower Administrator for Manpower Development and Training.
Assistant Manpower Administrator for Intergovernmental Relations.
Special Assistant to the Manpower Administrator (Equal Employment Opportunities).
Regional Manpower Administrators.
Manpower Administrator's Regional Representatives.
Executive Secretary, President's Committee on Manpower.
Associate Manpower Administrator.
Deputy Associate Manpower Administrator.
Office of Evaluation and Reports:
  Director.
  Chief, Division of Program Evaluation.
Office of Special Manpower Programs:
  Director.
  Division of Program Experimentation:
    Chief.
    Professionals.
  Division of Program Demonstration:
    Chief.
    Professionals.
Office of Manpower Research:
  Director.
  Special Assistant to the Director.
  Division of Manpower Research Contracts:
    Chief.
    All Professionals, grades GS-14 and above.
  Division of Manpower Research Grants:
    Chief.
    Professionals, grades GS-14 and above.

Office of Financial and Management Services

Assistant Manpower Administrator for Administration.
Deputy Assistant Manpower Administrator for Administration.
Division of Contracting Services:
  Chief.
  Chief, Branch of Payments Administration.
  Chief, Branch of MDTA Contracts and Grants.
  Chief, Branch of Bureau of Work Training Programs Contract Review.

Bureau of Apprenticeship and Training

Deputy Administrator.
Director, Office of Administration.
Regional Directors.
Deputy Regional Directors.

Bureau of Employment Security

Assistant to the Administrator.
Deputy Administrator.
Executive Assistant to the Administrator.
Special Assistant to the Administrator (Program Policy and Planning).
Special Assistant to the Administrator (Federal-State Relationships).
Special Assistant to the Administrator (Relations with Cooperating Groups).
Assistant to the Administrator for Training Program Coordination.
Chief, Office of Information.
Chief, Office of Field Administration.

- Administration and Management Service:
  - Director.
  - Director, Office of Management and Appraisal.
  - Chief, Division of Automatic Data Processing.
  - Digital Computer Analysts.
  - Chief, Division of Federal Management and Administration.
  - Director, Office of Fiscal Policy and Management.
  - Chief, Division of State Budgets and Fiscal Standards.
- Unemployment Insurance Service:
  - Director.
  - Deputy Director.
  - Assistant Director.
  - Director, Office of Program Development and Legislation.
  - Director, Office of Federal Unemployment Insurance Programs and Training Allowances.
- Office of State Operations:
  - Director.
  - Assistant Director.
  - Systems Development Staff.
  - Chief, Division of Organization and Management.
- U.S. Employment Service:
  - Office of the Director:
    - Director.
    - Deputy Director.
    - Special Assistants.
    - Assistant for Program Planning and Development.
    - Chief, Division of State Employment Service Administration.
    - Chief, Branch of Program Budget Requirements.
    - Employment Service Advisors (automatic data processing).
  - Office of Employment Service Activities:
    - Director.
    - Chief, Division of Youth Employment and Guidance Services.
  - Office of Manpower Analysis and Utilization:
    - Director.
    - Chief, Division of Research and Publications.
  - Office of Manpower Training Operations:
    - Director.
    - Chief, Division of Training Program Development and Approval.
  - Veterans Employment Service:
    - Chief.
    - Assistant Chief.
  - U.S. Employment Service, D.C.:
    - Director.
    - Deputy Director.
    - Assistant Directors.
  - Office of Farm Labor Service:
    - Director.
    - Deputy Director.
    - Chief, Division of Farm Labor Operations.
    - Chief, Branch of Recruitment and Compliance.
    - Chief, Division of Research and Wage Activities.
    - Chief, Division of Labor Contractor Activities.
  - Field Offices:
    - Regional Administrators.
    - Assistant Regional Administrators.

Bureau of Work Training Programs

- Office of Planning and Evaluation:
  - Director.
  - Deputy Director.
  - Program Evaluators.
- Office of Operations:
  - Director.
  - Deputy Director.
- Regional Offices:
  - Directors.
  - Deputy Directors.
  - Field Representatives.
  - Contract Specialists.

(g) Additions to, deletions from, and other amendments of the list of positions in paragraph (f) of this section may be made from time to time as necessary to carry out the purpose of the law, Executive Order 11222, and Part 735 of the Civil Service Commission regulations (5 CFR Part 735). Such amendments are effective upon clearance by the Solicitor and actual notification to the incumbents. The amended list shall be submitted annually for publication in the FEDERAL REGISTER.

(h) Any employee who believes that his position has been improperly included under this subpart as one requiring the submission of a statement of employment and financial interests shall have the opportunity for review of such inclusion under the grievance procedures of the Department of Labor.

§ 0.735-19 Supplementary statements, regular employees.

Changes in, or additions to the information contained in the regular employee's statement of employment and financial interests shall be reported in a supplementary statement as of September 30 each year. If there are no changes or additions, a negative report is required. Notwithstanding the filing of the annual report required by this section, each employee shall at all times avoid acquiring a financial interest that could result, or taking an action that would result, in a violation of the conflict-of-interest laws or Subpart C of this part.

§ 0.735-20 Special government employees required to submit statements.

(a) Before an individual enters on duty as a special government employee expert or consultant he is required to submit a statement of employment and financial interests to the head of the employing administration, bureau, or office, on forms approved by the Solicitor and furnished to the individual. Such forms must be completed in accordance with the instructions applicable thereto. This requirement applies to all other special government employee positions unless the head of the employing administration, bureau, or office determines prior to appointment that the duties of the position are of such a nature and at such a level of responsibility that the submission of the statement is not necessary to protect the integrity of the government. For the purpose of this section, "consultant" and "expert" shall be given the meanings given those terms by Chapter 304 of the Federal Personnel Manual.

(b) Each special government employee shall keep his statement of employment and financial interests current throughout his employment with the Department by the submission of supplementary statements.

§ 0.735-21 Review procedures.

(a) Except as provided in 0.735-22, the head of each administration, bureau, or office, shall promptly review each initial and supplementary statement of employment and financial interests required by this part. No individual may enter on duty as a special government employee if the head of the employing administration, bureau, or office determines that employment would be in conflict with the standards set forth in this part, or other applicable regulations, laws, or orders.

(b) Before the head of an administration, bureau, or office disapproves a statement of employment and financial interests submitted by a regular or special government employee, such employee must be given an opportunity to explain the possible or apparent conflict of interest. The head of the employing administration, bureau, or office may require the employee to furnish such additional information as may be appropriate in considering the statement of employment and financial interests. If, after adequate investigation, he disapproves an employee's statement of employment and financial interests, he shall promptly notify the employee of the disapproval and recommend appropriate remedial action pursuant to § 0.735-3. If the employee is unwilling or unable to take such action, the head of the employing administration, bureau, or office shall forthwith transmit the employee's statement of employment and financial interests and other pertinent information to the Solicitor. The Solicitor shall review all such forms and recommend appropriate action on such statements of employment and financial interests to the Under Secretary. If the Under Secretary disapproves the form, the head of the employing administration, bureau, or office shall initiate appropriate remedial action under § 0.735-3 and other applicable laws, orders, and regulations. Pending any final determination with regard to an employee's statement of employment and financial interests, the head of the employing administration, bureau, or office shall relieve the employee of any duties which appear to conflict with a private interest or activity and assign him other duties.

§ 0.735-22 Statements of top staff and certain other employees.

Statements of employment and financial interests submitted by the heads of administrations, bureaus, offices, Presidential appointees, members of boards or commissions appointed by the Secretary, the heads of subdivisions within the Office of the Secretary which are not a part of larger administrative subdivisions within such Office, and employees in the immediate Office of the Secretary will be reviewed by the Secretary or the individual designated by him. Statements of employment and financial interests submitted by employees in the Office of the Secretary other than those specified above, will be reviewed by the head of the employing subdivision within such office which is not a part of a larger subdivision in accordance with § 0.735-21.

§ 0.735-23 Confidentiality.

The Department shall hold each statement of employment and financial interests and supplementary statements in confidence. Statements shall be kept in a special file maintained by the head of the administration, bureau, office or other official responsible for review in such administrative subdivision of the Department where the individual is employed. No statement or copy thereof may be placed in an employee's personnel file. The official responsible for review of a statement is also responsible for maintaining the statement in confidence and shall not allow an individual to examine any statement or copy thereof without the approval of the Solicitor for good cause shown, except in fulfillment of his responsibilities under the regulations in this part. No information from a statement of employment and financial interests may be disclosed outside of the Department of Labor except as the Secretary, or the Civil Service Commission may determine for good cause shown.

§ 0.735-24 Review of files.

The Solicitor or his designee may from time to time examine the files containing statements of employment and financial interests and supplementary statements, including those approved by the heads of administrations, bureaus, or offices. He shall report any conflict discovered thereby to the appropriate Department official.

§ 0.735-25 Interests of employees' relatives.

For the purpose of the statements of employment and financial interests required by this subpart, the interest of a spouse, minor child, or other member of the employee's immediate household is considered to be an interest of the employee. For the purpose of this section, "member of an employee's immediate household" means those blood relations who are residents of the employee's household.

§ 0.735-26 Information not known by employees.

If any information required to be included on a statement of employment and financial interests or supplementary statement, including holdings placed in trust, is not known to the employee but is known to another person, the employee shall request that other person to submit information in his behalf.

§ 0.735-27 Information not required.

This subpart does not require an employee to submit on a statement of employment and financial interests or supplementary statement any information relating to the policy holdings in an insurance company and the stock or bond holdings in a mutual fund, investment company, or bank: *Provided*, That in the case of a mutual fund, investment company, or bank, the fair value of such stock or bond holding does not exceed one percent of the value of the reported assets of the mutual fund, investment company, or bank. In addition, this subpart does not require submission of information relating to the employee's connection with, or interest in, a professional society or charitable, religious, social, fraternal, recreational, public service, civic, or political organization, or a similar organization not conducted as a business enterprise. For the purpose of this section, educational and other institutions doing research and development or related work involving grants of money from or contracts with the Government are deemed "business enterprises" and are required to be included in an employee's statement of employment and financial interests.

§ 0.735-28 Effect of employees' statements on other requirements.

The statement of employment and financial interests and supplementary statements required of employees are in addition to, and not in substitution for, or in derogation of, any similar requirements imposed by law, order, or regulations. The submission of a statement or supplementary statement by an employee does not permit him or any other person to participate in a matter in which his or the other person's participation is prohibited by law, order, or regulation.

Subpart F—Post Employment Conflict of Interest

AUTHORITY: 18 U.S.C. 207, as amended, and 5 CFR Part 737.

SOURCE: 48 FR 11944, Mar. 22, 1983, unless otherwise noted.

§ 0.737-1 Applicability.

This subpart is applicable to any former employee of the Department of Labor leaving Government service on or after July 1, 1979.

§ 0.737-2 Appointment of alternate officials.

Notwithstanding any other provision of this subpart, the Secretary of Labor is authorized to perform any of the functions otherwise assigned in this subpart to the Under Secretary in any proceeding. The Secretary is also authorized to appoint as an alternate official any other officer or employee of the Department of Labor to perform functions otherwise assigned in this subpart to the Under Secretary or the Solicitor of Labor in any proceeding; except that: (a) The functions otherwise assigned in this subpart to the Under Secretary and the Solicitor shall not both be performed by the same alternate official in the same proceeding, and (b) the same individual shall not be appointed as both an Examiner under § 0.737-5 and an alternate official under this section in the same proceeding.

§ 0.737-3 Initiation of administrative disciplinary hearing.

(a) Any person may, in writing, report an apparent violation of 18 U.S.C. 207 (a), (b) or (c) or the regulations of the Office of Personnel Management at 5 CFR Part 737 by a former employee described in § 0.737-1 to the Solicitor of Labor.

(b) On receipt of information regarding a possible violation of 18 U.S.C. 207, and after determining that such information appears to be substantiated, the Solicitor shall expeditiously provide such information, along with any comments or agency regulations, to the Office of the Inspector General, the Director of the Office of Government Ethics and to the Criminal Division, Department of Justice.

(c) Whenever the Solicitor has determined after appropriate review that there is reasonable cause to believe that a former employee described in § 0.737-1 has violated 18 U.S.C. 207 (a), (b) or (c) or the regulations of the Office of Personnel Management at 5 CFR Part 737, the Solicitor may initiate an administrative disciplinary proceeding by providing the former employee with a notice of alleged violation.

(d) The notice of alleged violation shall include:

(1) A statement of allegations (and the basis thereof) sufficiently detailed to enable the former employee to prepare an adequate defense;

(2) Notification of the right to a hearing; and

(3) An explanation of the method by which a hearing may be requested.

§ 0.737-4 Request for a hearing.

(a) Any former employee who is the subject of a notice of alleged violation issued by the Solicitor under § 0.737-3 may within 15 days from the date of such notice request a hearing by writing to: The Office of the Under Secretary, U.S. Department of Labor, 200 Constitution Avenue, Washington, D.C. 20210.

(b) If the former employee fails to request a hearing in accordance with paragraph (a), the Under Secretary may then render a final administrative decision in the matter and, if appropriate, impose the sanctions specified in § 0.737-10.

§ 0.737-5 Appointment of Examiner.

Whenever a notice of alleged violation has been issued and a hearing requested, the Under Secretary shall provide for the selection of a Department of Labor Administrative Law Judge, appointed in accordance with 5 U.S.C. 3105, to act as the Examiner with respect to the matter.

§ 0.737-6 Time, date and place of hearing.

(a) Any hearing shall be conducted at a reasonable time, date and place as determined by the Examiner.

(b) In setting a hearing date the Examiner shall give due regard to the former employee's need for:

(1) Adequate time to prepare a defense properly, and

(2) An expeditious resolution of allegations that may be damaging to his or her reputation.

§ 0.737-7 Hearing rights.

(a) The following rights shall be afforded at a hearing conducted before the Examiner:

(1) To represent oneself or to be represented by counsel,

(2) To introduce and examine witnesses and to submit physical evidence,

(3) To confront and cross-examine adverse witnesses,

(4) To present oral argument; and

(5) To obtain a transcript or recording of proceedings, on request.

(b) In a hearing under this subpart, the Federal Rules of Civil Procedure and Evidence do not apply. However, the Examiner may make orders and determinations regarding discovery, admissability of evidence, conduct of examination and cross-examination, and similar matters as the Examiner deems necessary or appropriate to ensure orderliness of the proceedings and fundamental fairness to the parties.

(c) In any proceeding under this subpart, the Department must establish any violation by a preponderance of the evidence.

§ 0.737-8 Hearing decision and exceptions.

The Examiner shall make a determination exclusively on matters of record in the proceeding, and shall set forth in the hearing decision all findings of fact and conclusions of law relevant to the matters at issue. The hearing decision of the Examiner shall be considered final agency administrative action unless either party files exceptions in writing to the Under Secretary, U.S. Department of Labor, 200 Constitution Avenue, Washington, D.C. 20210 within 30 days from the date of such hearing decision.

§ 0.737-9 Decision on exceptions.

(a) Upon receipt of exceptions, the Under Secretary may afford both parties an opportunity to submit briefs or other appropriate statements in support of their respective positions.

(b) The Under Secretary shall issue a decision based solely on the record of the proceedings or those portions thereof cited by the parties to limit the issues.

(c) If the Under Secretary modifies or reverses the initial hearing decision of the Examiner, he or she shall specify such findings of fact and conclusions of law as are different from those of the Examiner.

§ 0.737-10 Administrative sanctions.

The Examiner (or the Under Secretary in any matter in which exceptions are filed or which is decided in accordance with § 0.737-4(b)) may take appropriate action in the case of any individual found in violation of 18 U.S.C. 207(a), (b) or (c) or of the regulations at 5 CFR Part 737 upon final administrative decisions by:

(a) Prohibiting the individual from making, on behalf of any other person (except the United States), any formal or informal appearance before, or, with the intent to influence, any oral or written communication to the Department of Labor on any matter of business for a period not to exceed five years, which may be accomplished by directing agency employees to refuse to participate in any such appearance or to accept any such communications; or

(b) Taking other appropriate disciplinary action.

§ 0.737-11 Judicial review.

Any person found to have participated in a violation of 18 U.S.C. 207(a), (b), or (c) or the regulations at 5 CFR Part 737 may seek judicial review of the administrative determination in an appropriate United States district court.

APPENDIX A

Attention of the employees of the Department of Labor is hereby directed to the following statutory provisions:

(a) House Concurrent Resolution 175, 85th Congress, second session, 72A Stat, B12, the "Code of Ethics for Government Service."

(b) Chapter 11 of title 18, United States Code, relating to bribery, graft, and conflicts of interest, as appropriate to the employees concerned.

(c) The prohibition against lobbying with appropriated funds (18 U.S.C. 1913).

(d) The prohibition against disloyalty and striking (5 U.S.C. 7311, 18 U.S.C. 1918).

(e) The prohibition against the employment of a member of a Communist organization (50 U.S.C. 784).

(f) The prohibitions against (1) the disclosure of classified information (18 U.S.C. 798, 50 U.S.C. 783); and (2) the disclosure of confidential information (18 U.S.C. 1905).

(g) The provision relating to the habitual use of intoxicants to excess (5 U.S.C. 7352).

(h) The prohibition against the misuse of a Government vehicle (31 U.S.C. 638a(c)).

(i) The prohibition against the misuse of the franking privilege (18 U.S.C. 1719).

(j) The prohibition against the use of deceit in an examination or personnel action in connection with Government employment (18 U.S.C. 1917).

(k) The prohibition against fraud or false statements in a Government matter (18 U.S.C. 1001).

(l) The prohibition against mutilating or destroying a public record (18 U.S.C. 2071).

(m) The prohibition against counterfeiting and forging transportation requests (18 U.S.C. 508).

(n) The prohibitions against (1) embezzlement of Government money or property (18 U.S.C. 641); (2) failing to account for public money (18 U.S.C. 643); and (3) embezzlement of the money or property of another person in the possession of an employee by reason of his employment (18 U.S.C. 654).

(o) The prohibition against unauthorized use of documents relating to claims from or by the Government (18 U.S.C. 285).

(p) The prohibition against political activities in subchapter III of chapter 73 of title 5, United States Code and 18 U.S.C. 602, 603, 607, and 608.

(q) The prohibition against an employee acting as the agent of a foreign principal registered under the Foreign Agents Registration Act (18 U.S.C. 219).

PART 1—PROCEDURES FOR PREDETERMINATION OF WAGE RATES

Sec.
1.1 Purpose and scope.
1.2 Definitions.
1.3 Obtaining and compiling wage rate information.
1.4 Outline of agency construction programs.
1.5 Procedure for requesting wage determinations.
1.6 Use and effectiveness of wage determinations.
1.7 Scope of consideration.
1.8 Reconsideration by the Administrator.
1.9 Review by Wage Appeals Board.
Appendix A
Appendix B
Appendix C

Authority: 5 U.S.C. 301; R.S. 161, 64 Stat. 1267; Reorganization Plan No. 14 of 1950, 5 U.S.C. Appendix; 29 U.S.C. 259; 40 U.S.C. 276a—276a-7; 40 U.S.C. 276c; and the laws listed in Appendix A of this part.

Source: 48 FR 19533, Apr. 29, 1983, unless otherwise noted.

§ 1.1 Purpose and scope.

(a) The procedural rules in this part apply under the Davis-Bacon Act (946 Stat. 1494, as amended; 40 U.S.C. 276a—276a-7) and other statutes listed in Appendix A to this part which provide for the payment of minimum wages, including fringe benefits, to laborers and mechanics engaged in construction activity under contracts entered into or financed by or with the assistance of agencies of the United States or the District of Columbia, based on determinations by the Secretary of Labor of the wage rates and fringe benefits prevailing for the corresponding classes of laborers and mechanics employed on projects similar to the contract work in the local areas where such work is to be performed. Functions of the Secretary of Labor under these statutes and under Reorganization Plan No. 14 of 1950 (64 Stat. 1267, 5 U.S.C. Appendix), except those assigned to the Wage Appeals Board (see 29 CFR Part 7), have been delegated to the Deputy Under Secretary of Labor for Employment Standards who in turn has delegated the functions to the Administrator of the Wage and Hour Division, and authorized representatives.

(b) The regulations in this part set forth the procedures for making and applying such determinations of prevailing wage rates and fringe benefits pursuant to the Davis-Bacon Act, each of the other statutes listed in Appendix A, and any other Federal statute providing for determinations of such wages by the Secretary of Labor in accordance with the provisions of the Davis-Bacon Act.

(c) Procedures set forth in this part are applicable, unless otherwise indicated, both to general wage determinations for contracts in specified localities, and to project wage determinations for use on contract work to be performed on a specific project.

[48 FR 19533, Apr. 29, 1983, as amended at 50 FR 49823, Dec. 4, 1985]

§ 1.2 Definitions.[1]

(a)(1) The "prevailing wage" shall be the wage paid to the majority (more than 50 percent) of the laborers or mechanics in the classification on similar projects in the area during the period in question. If the same wage is not paid to a majority of those employed in the classification, the "prevailing wage" shall be the average of the wages paid, weighted by the total employed in the classification.

(2) In determining the "prevailing wages" at the time of issuance of a wage determination, the Administrator will be guided by paragraph (a)(1) of this section and will consider the types of information listed in § 1.3 of this part.

(b) The term "area" in determining wage rates under the Davis-Bacon Act and the prevailing wage provisions of the other statutes listed in Appendix A shall mean the city, town, village, county or other civil subdivision of the State in which the work is to be performed.

(c) The term "Administrator" shall mean the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, or authorized representative.

(d) The term "agency" shall mean the Federal agency, State highway department under 23 U.S.C. 113, or recipient State or local government under Title 1 of the State and Local Fiscal Assistance Act of 1972.

[48 FR 19533, Apr. 29, 1983, as amended at 48 FR 50313, Nov. 1, 1983]

§ 1.3 Obtaining and compiling wage rate information.

For the purpose of making wage determinations, the Administrator will conduct a continuing program for the obtaining and compiling of wage rate information.

(a) The Administrator will encourage the voluntary submission of wage rate data by contractors, contractors' associations, labor organizations, public officials and other interested parties, reflecting wage rates paid to laborers and mechanics on various types of construction in the area. The Administrator may also obtain data from agencies on wage rates paid on construction projects under their jurisdiction. The information submitted should reflect not only the wage rates paid a particular classification in an area, but also the type or types of construction on which such rate or rates are paid, and whether or not such rates were paid on Federal or federally assisted projects subject to Davis-Bacon prevailing wage requirements.

(b) The following types of information may be considered in making wage rate determinations:

(1) Statements showing wage rates paid on projects. Such statements should include the names and addresses of contractors, including subcontractors, the locations, approximate costs, dates of construction and types of projects, whether or not the projects are Federal or federally assisted projects subject to Davis-Bacon prevailing wage requirements, the number of workers employed in each classification on each project, and the respective wage rates paid such workers.

(2) Signed collective bargaining agreements. The Administrator may request the parties to an agreement to submit statements certifying to its scope and application.

(3) Wage rates determined for public construction by State and local officials pursuant to State and local prevailing wage legislation.

(4) In making wage rate determinations pursuant to 23 U.S.C. 113, the highway department of the State in

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[1] These definitions are not intended to restrict the meaning of the terms as used in the applicable statutes.

which a project in the Federal-Aid highway system is to be performed shall be consulted. Before making a determination of wage rates for such a project the Administrator shall give due regard to the information thus obtained.

(5) Wage rate data submitted to the Department of Labor by contracting agencies pursuant to 29 CFR 5.5(a)(1)(ii).

(6) Any other information pertinent to the determination of prevailing wage rates.

(c) The Administrator may initially obtain or supplement such information obtained on a voluntary basis by such means, including the holding of hearings, and from any sources determined to be necessary. All information of the types described in § 1.3(b) of this part, pertinent to the determination of the wages prevailing at the time of issuance of the wage determination, will be evaluated in the light of § 1.2(a) of this part.

(d) In compiling wage rate data for building and residential wage determinations, the Administrator will not use data from Federal or federally assisted projects subject to Davis-Bacon prevailing wage requirements unless it is determined that there is insufficient wage data to determine the prevailing wages in the absence of such data. Data from Federal or federally assisted projects will be used in compiling wage rate data for heavy and highway wage determinations.

[48 FR 19533, Apr. 29, 1983, as amended at 50 FR 4506, Jan. 31, 1985]

§ 1.4 Outline of agency construction programs.

To the extent practicable, at the beginning of each fiscal year each agency using wage determinations under any of the various statutes listed in Appendix A will furnish the Administrator with a general outline of its proposed construction programs for the coming year indicating the estimated number of projects for which wage determinations will be required, the anticipated types of construction, and the locations of construction. During the fiscal year, each agency will notify the Administrator of any significant changes in its proposed construction programs, as outlined at the beginning of the fiscal year. This report has been cleared in accordance with FPMR 101-11.11 and assigned interagency report control number 1671-DOL-AN.

§ 1.5 Procedure for requesting wage determinations.

(a)(1) Except as provided in paragraph (b) of this section, the Federal agency shall initially request a wage determination under the Davis-Bacon Act or any of its related prevailing wage statutes by submitting Standard Form 308 to the Department of Labor at this address:

U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division, Branch of Construction Contract Wage Determination, Washington, D.C. 20210.

The agency shall check only those classifications on the applicable form which will be needed in the performance of the work. Inserting a note such as "entire schedule" or "all applicable classifications" is not sufficient. Additional classifications needed which are not on the form may be typed in the blank spaces or on a separate list and attached to the form.

(2) In completing SF-308, the agency shall furnish:

(i) A sufficiently detailed description of the work to indicate the type of construction involved. Additional description or separate attachment, if necessary for identification of type of project, shall be furnished.

(ii) The county (or other civil subdivision) and State in which the proposed project is located.

(3) Such request for a wage determination shall be accompanied by any pertinent wage payment information which may be available. When the requesting agency is a State highway department under the Federal-Aid Highway Acts as codified in 23 U.S.C. 113, such agency shall also include its recommendations as to the wages which are prevailing for each classification of laborers and mechanics on similar construction in the area.

(b) Whenever the wage patterns in a particular area for a particular type of construction are well settled and whenever it may be reasonably anticipated that there will be a large volume of procurement in that area for such a type of construction, the Administrator, upon the request of a Federal agency or in his/her discretion, may furnish notice of a general wage determination in the FEDERAL REGISTER when, after consideration of the facts and circumstances involved, the Administrator finds that the applicable statutory standards and those of this part will be met. If there is a general wage determination applicable to the project, the agency may use it without notifying the Department of Labor, *provided*, that questions concerning its use shall be referred to the Department of Labor in accordance with § 1.6(b). General wage determinations are published in the Government Printing Office (GPO) document entitled "General Wage Determinations Issued Under The Davis-Bacon And Related Acts". (See Appendix C for publication details and information on how to obtain general wage determinations.)

(c) The time required for processing requests for wage determinations varies according to the facts and circumstances in each case. An agency should anticipate that such processing in the Department of Labor will take at least 30 days.

[48 FR 19533, Apr. 29, 1983, as amended at 48 FR 50313, Nov. 1, 1983; 50 FR 49823, Dec. 4, 1985]

§ 1.6 Use and effectiveness of wage determinations.

(a)(1) Project wage determinations initially issued shall be effective for 180 calendar days from the date of such determinations. If such a wage determination is not used in the period of its effectiveness it is void. Accordingly, if it appears that a wage determination may expire between bid opening and contract award (or between initial endorsement under the National Housing Act or the execution of an agreement to enter into a housing assistance payments contract under section 8 of the U.S. Housing Act of 1937, and the start of construction) the agency shall request a new wage determination sufficiently in advance of the bid opening to assure receipt prior thereto. However, when due to unavoidable circumstances a determination expires before award but after bid opening (or before the start of construction, but after initial endorsement under the National Housing Act, or before the start of construction but after the execution of an agreement to enter into a housing assistance payments contract under Section 8 of the U.S. Housing Act of 1937), the head of the agency or his or her designee may request the Administrator to extend the expiration date of the wage determination in the bid specifications instead of issuing a new wage determination. Such request shall be supported by a written finding, which shall include a brief statement of the factual support, that the extension of the expiration date of the determination is necessary and proper in the public interest to prevent injustice or undue hardship or to avoid serious impairment in the conduct of Government business. The Administrator will either grant or deny the request for an extension after consideration of all of the circumstances, including an examination to determine if the previously issued rates remain prevailing. If the request for extension is denied, the Administrator will proceed to issue a new wage determination for the project.

(2) General wage determinations issued pursuant to § 1.5(b), notice of which is published in the FEDERAL REGISTER, shall contain no expiration date.

(b) Contracting agencies are responsible for insuring that only the appropriate wage determination(s) are incorporated in bid solicitations and contract specifications and for designating specifically the work to which such wage determinations will apply. Any question regarding application of wage rate schedules shall be referred to the Administrator, who shall give foremost consideration to area practice in resolving the question.

(c)(1) Project and general wage determinations may be modified from time to time to keep them current. A modification may specify only the items being changed, or may be in the form of a supersedeas wage determination, which replaces the entire wage determination. Such actions are distinguished from a determination by the Administrator under paragraphs (d), (e) and (f) of this section that an erroneous wage determination has been issued or that the wrong wage determination or wage rate schedule has been utilized by the agency.

(2)(i) All actions modifying a project wage determination received by the agency before contract award (or the start of construction where there is no contract award) shall be effective except as follows:

(A) In the case of contracts entered into pursuant to competitive bidding procedures, modifications received by the agency less than 10 days before the opening of bids shall be effective unless the agency finds that there is not a reasonable time still available before bid opening, to notify bidders of the modification and a report of the finding is inserted in the contract file. A copy of such report shall be made available to the Administrator upon request. No such report shall be required if the modification is received after bid opening.

(B) In the case of projects assisted under the National Housing Act, modifications shall be effective if received prior to the beginning of construction or the date the mortgage is initially endorsed, whichever occurs first.

(C) In the case of projects to receive housing assistance payments under section 8 of the U.S. Housing Act of 1937, modifications shall be effective if received prior to the beginning of construction or the date the agreement to enter into a housing assistance payments contract is executed, whichever occurs first.

(ii) Modifications to project wage determinations and supersedeas wage determinations shall not be effective after contract award (or after the beginning of construction where there is no contract award).

(iii) Actual written notice of a modification shall constitute receipt.

(3) All actions modifying a general wage determination shall be effective with respect to any project to which the determination applies, if notice of such actions is published before contract award (or the start of construction where there is no contract award), except as follows:

(i) In the case of contracts entered into pursuant to competitive bidding procedures, a modification, notice of which is published less than 10 days before the opening of bids, shall be effective unles the agency finds that there is not a reasonable time still available before bid opening to notify bidders of the modification and a report of the finding is inserted in the contract file. A copy of such report shall be made available to the Administrator upon request. No such report shall be required if notice of the modification is published after bid opening.

(ii) In the case of projects assisted under the National Housing Act, a modification shall be effective if notice of such modification is published prior to the beginning of construction or the date the mortgage is initially endorsed, whichever occurs first.

(iii) In the case of projects to receive housing assistance payments under section 8 of the U.S. Housing Act of 1937, a modification shall be effective if notice of such modification is published prior to the beginning of construction or the date the agreement to enter into a housing assistance payments contract is signed, whichever occurs first.

(iv) If under paragraph (c)(3)(i) of this section the contract has not been awarded within 90 days after bid opening, or if under paragraph (c)(3) (ii) or (iii) of this section construction has not begun within 90 days after initial endorsement or the signing of the agreement to enter into a housing assistance payments contract, any modification, notice of which is published in the FEDERAL REGISTER prior to award of the contract or the beginning of construction, as appropriate, shall be effective with respect to that contract unless the head of the agency or his or her designee requests and obtains an extension of the 90-day period from the Administrator. Such request shall be supported by a written finding, which shall include a brief statement of the factual support, that the extension is necessary and proper in the public interest to prevent injustice or undue hardship or to avoid serious impairment in the conduct of Government business. The Administrator will either grant or deny the request for an extension after consideration of all the circumstances.

(v) A modification to a general wage determination is "published" within the meaning of this section on the date of publication of notice of such modification in the FEDERAL REGISTER, or on the date the agency receives actual written notice of the modification from the Department of Labor, whichever occurs first.

(vi) A supersedeas wage determination or a modification to an applicable general wage determination, notice of which is published after contract award (or after the beginning of construction where there is no contract award) shall not be effective.

(d) Upon his/her own initiative or at the request of an agency, the Administrator may correct any wage determination, without regard to paragraph (c) of this section, whenever the Administrator finds such a wage determination contains clerical errors. Such corrections shall be included in any bid specifications containing the wage determination, or in any on-going contract containing the wage determination in question, retroactively to the start of construction.

(e) Written notification by the Department of Labor prior to the award of a contract (or the start of construction under the National Housing Act, under section 8 of the U.S. Housing Act of 1937, or where there is no contract award) that (1) there is included in the bidding documents or solicitation the wrong wage determination or the wrong schedule or that (2) a wage determination is withdrawn by the Department of Labor as a result of a decision by the Wage Appeals Board, shall be effective immediately without regard to paragraph (c) of this section.

(f) The Administrator may issue a wage determination after contract award or after the beginning of construction if the agency has failed to incorporate a wage determination in a contract required to contain prevailing wage rates determined in accordance with the Davis-Bacon Act, or has used a wage determination which by its terms or the provisions of this part clearly does not apply to the contract. Further, the Administrator may issue a wage determination which shall be applicable to a contract after contract award or after the beginning of construction when it is found that the wrong wage determination has been incorporated in the contract because of an inaccurate description of the project or its location in the agency's request for the wage determination. Under any of the above circumstances, the agency shall either terminate and resolicit the contract with the valid wage determination, or incorporate the valid wage determination retroactive to the beginning of construction through supplemental agreement or through change order, *provided* that the contractor is compensated for any increases in wages resulting from such change. The method of incorporation of the valid wage determination, and adjustment in contract price, where appropriate, should be in accordance with applicable procurement law.

(g) If Federal funding or assistance under a statute requiring payment of wages determined in accordance with the Davis-Bacon Act is not approved prior to contract award (or the beginning of construction where there is no contract award), the agency shall request a wage determination prior to approval of such funds. Such a wage determination shall be issued based upon the wages and fringe benefits found to be prevailing on the date of award or the beginning of construction (under the National Housing Act, under section 8 of the U.S. Housing Act of 1937 or where there is no contract award), as appropriate, and shall be incorporated in the contract specifications retroactively to that date, *provided*, that upon the request of the head of the agency in individual cases the Administrator may issue such a wage determination to be effective on the date of approval of Federal funds or assistance whenever the Administrator finds that it is necessary and proper in the public interest to prevent injustice or undue hardship, *provided further* that the Administrator finds no evidence of intent to apply for Federal funding or assistance prior to contract award or the start of construction, as appropriate.

[48 FR 19533, Apr. 29, 1983, as amended at 50 FR 49823, Dec. 4, 1985]

§ 1.7 Scope of consideration.

(a) In making a wage determination, the "area" will normally be the county unless sufficient current wage data (data on wages paid on current projects or, where necessary, projects under construction no more than one year prior to the beginning of the survey or the request for a wage determination, as appropriate) is unavailable to make a wage determination.

(b) If there has not been sufficient similar construction within the area in the past year to make a wage determination, wages paid on similar construction in surrounding counties may be considered, *provided* that projects in metropolitan counties may not be used as a source of data for a wage determination in a rural county, and projects in rural counties may not be used as a source of data for a wage determination for a metropolitan county.

(c) If there has not been sufficient similar construction in surrounding counties or in the State in the past year, wages paid on projects completed more than one year prior to the beginning of the survey or the request for a wage determination, as appropriate, may be considered.

[48 FR 19533, Apr. 29, 1983, as amended at 50 FR 4507, Jan. 31, 1985]

EFFECTIVE DATE NOTE: On December 23, 1982, the District Court for the District of Columbia issued a permanent injunction with respect to certain provisions of 29 CFR Parts 1, 3, and 5, as published at 47 FR 23644, 23658, 23678, May 28, 1982. Parts 1 and 5 were republished at 48 FR 19532, 19540, Apr. 29, 1983, effective June 28, 1983, implementing only those provisions not enjoined by the court. The provisions of § 1.7 (d) was further deferred at 48 FR 19368, Apr. 29, 1983, pending resolution of a Departmental appeal of the District Court ruling. For the convenience of the user, the deferred text of paragraph (d) is set forth below.

§ 1.7 Scope of consideration.

* * * * *

(d) Classifications and wage rates will be issued for identifiable "classes of laborers and mechanics." Semi-skilled classifications of helpers will be issued when the classifications are identifiable in the area. The use of helpers, apprentices and trainees is permitted in accordance with Part 5 of this subtitle.

§ 1.8 Reconsideration by the Administrator.

Any interested person may seek reconsideration of a wage determination issued under this part or of a decision of the Administrator regarding application of a wage determination. Such a request for reconsideration shall be in writing accompanied by a full statement of the interested person's views and any supporting wage data or other pertinent information. The Administrator will respond within 30 days of receipt thereof, or will notify the requestor within the 30 day period that additional time is necessary.

§ 1.9 Review by Wage Appeals Board.

Any interested person may appeal to the Wage Appeals Board for a review of a wage determination or its application made under this part, after reconsideration by the Administrator has been sought pursuant to § 1.8 and denied. Any such appeal may, in the discretion of the Wage Appeals Board, be received, accepted, and decided in accordance with the provisions of 29 CFR Part 7 and such other procedures as the Board may establish.

APPENDIX A

Statutes Related to the Davis-Bacon Act Requiring Payment of Wages at Rates Predetermined by the Secretary of Labor

1. The Davis-Bacon Act (secs. 1-7, 46 Stat. 1494, as amended; Pub. L. 74-403, 40 U.S.C. 276a-276a-7).
2. National Housing Act (sec. 212 added to c. 847, 48 Stat. 1246, by sec. 14, 53 Stat. 807; 12 U.S.C. 1715c and repeatedly amended).
3. Housing Act of 1950 (college Housing) (amended by Housing Act of 1959 to add labor provisions, 73 Stat. 681; 12 U.S.C. 1749a(f)).
4. Housing Act of 1959 (sec. 401(f) of the Housing Act of 1950 as amended by Pub. L. 86-372, 73 Stat. 681; 12 U.S.C. 1701q(c)(3)).
5. Commercial Fisheries Research and Development Act of 1964 (sec. 7, 78 Stat. 199; 16 U.S.C. 779e(b)).
6. Library Services and Construction Act (sec. 7(a), 78 Stat. 13; 20 U.S.C. 355c(a)(4), as amended).
7. National Technical Institute for the Deaf Act (sec. 5(b)(5), 79 Stat. 126; 20 U.S.C. 684(b)(5)).

8. National Foundation on the Arts and Humanities Act of 1965 (sec. 5(k), 79 Stat. 846 as amended; 20 U.S.C. 954(j)).

9. Elementary and Secondary Education Act of 1965 as amended by Elementary and Secondary and other Education Amendments of 1969 (sec. 423 as added by Pub. L. 91-230, title IV, sec. 401(a)(10), 84 Stat. 169, and renumbered sec. 433, by Pub. L. 92-318; title III, sec. 301(a)(1), 86 Stat. 326; 20 U.S.C. 1232(b)). Under the amendment coverage is extended to all programs administered by the Commissioner of Education.

10. The Federal-Aid Highway Acts (72 Stat. 895, as amended by 82 Stat. 821; 23 U.S.C. 113, as amended by the Surface Transportation Assistance Act of 1982, Pub. L. 97-424).

11. Indians Self-Determination and Education Assistance Act (sec. 7, 88 Stat. 2205; 25 U.S.C. 450e).

12. Indian Health Care Improvement Act (sec. 303(b), 90 Stat. 1407; 25 U.S.C. 1633(b)).

13. Rehabilitation Act of 1973 (sec. 306(b)(5), 87 Stat. 384, 29 U.S.C. 776(b)(5)).

14. Comprehensive Employment and Training Act of 1973 (sec. 606, 87 Stat. 880, renumbered sec. 706 by 83 Stat. 1845; 29 U.S.C. 986; also sec. 604, 88 Stat. 1846; 29 U.S.C. 964(b)(3)).

15. State and Local Fiscal Assistance Act of 1972 (sec. 123(a)(6), 86 Stat. 933; 31 U.S.C. 1246(a)(6)).

16. Federal Water Pollution Control Act (sec. 513 of sec. 2, 86 Stat. 894; 33 U.S.C. 1372).

17. Veterans Nursing Home Care Act of 1964 (78 Stat. 502, as amended; 38 U.S.C. 5035(a)(8)).

18. Postal Reorganization Act (sec. 410(b)(4)(C); 84 Stat. 726 as amended; 39 U.S.C. 410(b)(4)(C)).

19. National Visitors Center Facilities Act of 1968 (sec. 110, 32 Stat. 45; 40 U.S.C. 808).

20. Appalachian Regional Development Act of 1965 (sec. 402, 79 Stat. 21; 40 U.S.C. App. 402).

21. Health Services Research, Health Statistics, and Medical Libraries Act of 1974 (sec. 107, see sec. 306(h)(2) thereof, 83 Stat. 370, as amended by 90 Stat. 378; 42 U.S.C. 242m(h)(2)).

22. Hospital Survey and Construction Act, as amended by the Hospital and Medical Facilities Amendments of 1964 (sec. 605(a)(5), 78 Stat. 453; 42 U.S.C. 291e(a)(5)).

23. Health Professions Education Assistance Act (sec. 303(b), 90 Stat. 2254; 42 U.S.C. 293a(g)(1)(C); also sec. 308a, 90 Stat. 2256; 42 U.S.C. 293a(c)(7)).

24. Nurse Training Act of 1964 (sec. 941(a)(1)(C), 89 Stat. 364; 42 U.S.C. 296a(b)(5)).

25. Heart Disease, Cancer, and Stroke Amendments of 1965 (sec. 904, as added by sec. 2, 79 Stat. 928; 42 U.S.C. 299d(b)(4)).

26. Safe Drinking Water Act (sec. 2(a), see sec. 1450e thereof, 88 Stat. 1691; 42 U.S.C. 300j-9(e)).

27. National Health Planning and Resources Act (sec. 4, see sec. 1604(b)(1)(H), 88 Stat. 2261, 42 U.S.C. 300o-3(b)(1)(H)).

28. U.S. Housing Act of 1937, as amended and recodified (88 Stat. 667; 42 U.S.C. 1437j).

29. Demonstration Cities and Metropolitan Development Act of 1966 (secs. 110, 311, 503, 1003, 80 Stat. 1259, 1270, 1277, 1284; 42 U.S.C. 3310; 12 U.S.C. 1715c; 42 U.S.C. 1437j).

30. Slum clearance program: Housing Act of 1949 (sec. 109, 63 Stat. 419, as amended; 42 U.S.C. 1459).

31. Farm housing: Housing Act of 1964 (adds sec. 516(f) to Housing Act of 1949 by sec. 503, 78 Stat. 797; 42 U.S.C. 1486(f)).

32. Housing Act of 1961 (sec. 707, added by sec. 907, 79 Stat. 496, as amended; 42 U.S.C. 1500c-3).

33. Defense Housing and Community Facilities and Services Act of 1951 (sec. 310, 65 Stat. 307; 42 U.S.C. 1592l).

34. Special Health Revenue Sharing Act of 1975 (sec. 303, see sec. 222(a)(5) thereof, 89 Stat. 324; 42 U.S.C. 2689j(a)(5)).

35. Economic Opportunity Act of 1964 (sec. 607, 78 Stat. 532; 42 U.S.C. 2947).

36. Headstart, Economic Opportunity, and Community Partnership Act of 1974 (sec. 11, see sec. 811 thereof, 88 Stat. 2327; 42 U.S.C. 2992a).

37. Housing and Urban Development Act of 1965 (sec. 707, 79 Stat. 492 as amended; 42 U.S.C. 3107).

38. Older Americans Act of 1965 (sec. 502, Pub. L. 89-73, as amended by sec. 501, Pub. L. 93-29; 87 Stat. 50; 42 U.S.C. 3041a(a)(4)).

39. Public Works and Economic Development Act of 1965 (sec. 712, 79 Stat. 575 as amended; 42 U.S.C. 3222).

40. Juvenile Delinquency Prevention Act (sec. 1, 86 Stat. 536; 42 U.S.C. 3884).

41. New Communities Act of 1968 (sec. 410.82 Stat. 516; 42 U.S.C. 3909).

42. Urban Growth and New Community Development Act of 1970 (sec. 727(f), 84 Stat. 1803; 42 U.S.C. 4529).

43. Domestic Volunteer Service Act of 1973 (sec. 406, 87 Stat. 410; 42 U.S.C. 5046).

44. Housing and Community Development Act of 1974 (secs. 110, 802(g), 83 Stat. 649, 724; 42 U.S.C. 5310, 1440(g)).

45. Developmentally Disabled Assistance and Bill of Rights Act (sec. 126(4), 89 Stat. 488; 42 U.S.C. 6042(4); title I, sec. 111, 89 Stat. 491; 42 U.S.C. 6063(b)(19)).

46. National Energy Conservation Policy Act (sec. 312, 92 Stat. 3254; 42 U.S.C. 6371j).

47. Public Works Employment Act of 1976 (sec. 109, 90 Stat. 1001; 42 U.S.C. 6708; also sec. 208, 90 Stat. 1008; 42 U.S.C. 6728).

48. Energy Conservation and Production Act (sec. 45(h), 90 Stat. 1168; 42 U.S.C. 6881(h)).

49. Solid Waste Disposal Act (sec. 2, 90 Stat. 2828; 42 U.S.C. 6979).

50. Rail Passenger Service Act of 1970 (sec. 405d, 84 Stat. 1337; 45 U.S.C. 565(d)).

51. Urban Mass Transportation Act of 1964 (sec. 10, 78 Stat. 307; renumbered sec. 13 by 88 Stat. 715; 49 U.S.C. 1609).

52. Highway speed ground transportation study (sec. 6(b), 79 Stat. 893; 49 U.S.C. 1636(b)).

53. Airport and Airway Development Act of 1970 (sec. 22(b), 84 Stat. 231; 49 U.S.C. 1722(b)).

54. Federal Civil Defense Act of 1950 (50 U.S.C. App. 2281(i)).

55. National Capital Transportation Act of 1965 (sec. 3(b)(4), 79 Stat; 40 U.S.C. 682(b)(4)).

NOTE: Repealed Dec. 9, 1969 and labor standards incorporated in sec. 1-1431 of the District of Columbia Code.

56. Model Secondary School for the Deaf Act (sec. 4, 80 Stat. 1027, Pub. L. 89-694, but not in the United States Code).

57. Delaware River Basin Compact (sec. 15.1, 75 Stat. 714, Pub. L. 87-328) (considered a statute for purposes of this part but not in the United States Code).

58. Energy Security Act (Sec. 175(c), Pub. L. 96-294, 94 Stat. 611; 42 U.S.C. 8701 note).

[48 FR 19533, Apr. 29, 1983; 48 FR 20408, May 6, 1983]

APPENDIX B

Boston Region

For the States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, JFK Federal Building, Government Center, Room 1612C, Boston, Massachusetts 02203 (telephone: 617-223-5565).

New York Region

For the States of New Jersey and New York and for the Canal Zone, Puerto Rico, and the Virgin Islands:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, 1515 Broadway, Room 3300, New York, New York 10036 (telephone: 212-399-5443).

Philadelphia Region

For the States of Delaware, Maryland, Pennsylvania, Virginia, and West Virginia, and the District of Columbia:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, Gateway Building, Room 15220, 3535 Market Street, Philadelphia, Pennsylvania 19104 (telephone: 215-596-1193).

Atlanta Region

For the States of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, 1371 Peachtree Street, N.E., Room 305, Atlanta, Georgia 30309 (telephone: 404-881-4801).

Chicago Region

For the States of Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, 230 South Dearborn Street, 8th Floor, Chicago, Illinois 60604 (telephone: 312-353-7249).

Dallas Region

For the States of Arkansas, Louisiana, New Mexico, Oklahoma, and Texas:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, 555 Griffin Square Building, Young and Griffin Streets, Dallas, Texas 75202 (telephone: 214-767-6891).

Kansas City Region

For the States of Iowa, Kansas, Missouri, and Nebraska:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, Federal Office Building, Room 2000, 911 Walnut Street, Kansas City, Missouri 64106 (telephone: 816-374-5386).

Denver Region

For the States of Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, Federal Office Building, Room 1440, 1961 Stout Street, Denver, Colorado 80294 (telephone: 304-837-4613).

San Francisco Region

For the States of Arizona, California, Hawaii, and Nevada:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, 450 Golden Gate Avenue, Room 10353, San Francisco, California 94102 (telephone: 415-556-3592).

Seattle Region

For the States of Alaska, Idaho, Oregon, and Washington:

Assistant Regional Administrator for Wage-Hour, Employment Standards Administration, U.S. Department of Labor, Federal Office Building, Room 4141, 909 First Avenue, Seattle, Washington 98174 (telephone: 206-442-1916).

APPENDIX C

General Wage Determinations Issued Under The Davis-Bacon And Related Acts is published weekly by the Government Printing Office (GPO). This publication is available for examination at all 80 Regional Government Depository Libraries and many other of the 1,400 Government Depository Libraries across the country. Subscriptions may be obtained by contacting: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, (202) 783-3238.

The publication is divided into three volumes—East, Central, and West—which may be ordered separately. The States covered by each volume are as follows: (Regional breakdowns of States are provided in Appendix B.)

VOLUME I—EAST

Alabama
Connecticut
Delaware
Florida
Georgia
Kentucky
Maine
Maryland
Massachusetts
Mississippi
New Hampshire
New Jersey
New York
North Carolina
Pennsylvania
Rhode Island
South Carolina
Tennessee
Vermont
Virginia
West Virginia
District of Col.
Canal Zone
Puerto Rico
Virgin Islands

VOLUME II—CENTRAL

Arkansas
Illinois
Indiana
Iowa
Kansas
Louisiana
Michigan
Minnesota
Missouri
Nebraska
New Mexico
Ohio
Oklahoma
Texas
Wisconsin

VOLUME III—WEST

Alaska
Arizona
California
Colorado
Hawaii
Idaho
Montana
Nevada
North Dakota
Oregon
South Dakota
Utah
Washington
Wyoming

On or about January 1 of each year, an annual edition will be issued that includes all current general wage determinations for the States covered by each volume. Throughout the remainder of the year, regular weekly updates will be distributed providing any modifications or supersedeas wage determinations issued. Each volume's annual and weekly editions will be provided in loose-leaf format.

[50 FR 49823, Dec. 4, 1985]

PART 2—GENERAL REGULATIONS

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AUTHORITY: 5 U.S.C. 301 and 5 U.S.C. 552-556, unless otherwise noted.

Subpart A—General

SOURCE: 32 FR 11035, July 28, 1967, unless otherwise noted.

§ 2.1 Employees attached to regional offices.

No person who has been an employee of the Department and attached to a Regional office of any bureau, board, division, or other agency thereof, shall be permitted to practice, appear, or act as attorney, agent, or representative before the Department or any branch or agent thereof in connection with any case or administrative proceeding which was pending before such Regional office during the time of his employment with the Department, unless he shall first obtain the written consent thereto of the Secretary of Labor or his duly authorized representative.

§ 2.2 Employees attached to Washington office.

No person who has been an employee of the Department and attached to the Washington office of any bureau, board, division, or other agency thereof, shall be permitted to practice, appear, or act as attorney, agent, or representative before the Department or any branch or agent thereof, in connection with any case or administrative proceeding pending before such bureau, board, division, or other agency during the time of his employment with the Department, unless he shall first obtain the written consent thereto of the Secretary of Labor or his duly authorized representative.

§ 2.3 Consent of the Secretary.

The consent of the Secretary or his duly authorized representative may be obtained as follows:

The applicant shall file an application in the form of an affidavit. Such application, directed to the Secretary should:

(a) State the former connection of the applicant with the Department;

(b) Identify the matter in which the applicant desires to appear, and

(c) Contain a statement to the effect that the applicant gave no personal consideration to such matter while he was an employee of the Department.

The application will be denied if the statements contained therein are disproved by an examination of the files, records, and circumstances pertaining to the matter, or if, in the opinion of the Secretary or his duly authorized representative, the public interest so requires. If the Secretary or his duly authorized representative is satisfied that the applicant gave no personal consideration to the matter in question while employed by the Department, and if he is satisfied that it is lawful and consistent with the public interest to do so, he may grant his consent, in writing, to the request of the applicant, subject to such conditions, if any, as he deems necessary and desirable. Any function of the Secretary under this section may be performed by the Under Secretary of Labor.

§ 2.4 [Reserved]

§ 2.6 Claims collection.

(a) *Authority of Department; incorporation by reference.* The regulations in this section are issued under section 3 of the Federal Claims Collection Act of 1966, 31 U.S.C. 952. They incorporate herein and supplement as necessary for Department operation all provisions of the Joint Regulations of the Attorney General and the Comptroller General set forth in 4 CFR, Ch. II, which prescribe standards for administrative collection of civil claims by the Government for money or property, for the compromise, termination, or suspension of collection action, with respect to claims not exceeding $20,000, exclusive of interest, and for the referral of civil claims by the Government to the General Accounting Office, and to the Department of Justice for litigation.

(b) *Designation.* The Assistant Secretary for Administration, and such heads of the Administrations and Offices of the Department of Labor as he may designate for such purpose, is authorized to perform all of the duties and exercise all of the authority of the Secretary under the Federal Claims Collection Act of 1966, the aforementioned Joint Regulations of the Attorney General and the Comptroller General, and the regulations in this section.

(Sec. 3, 80 Stat. 309; 31 U.S.C. 952)

[34 FR 9122, June 10, 1969]

§ 2.7 Rulemaking.

It is the policy of the Secretary of Labor, that in applying the rulemaking provisions of the Administrative Procedure Act (5 U.S.C. 553), the exemption therein for matters relating to public property, loans, grants, benefits or contracts shall not be relied upon as a reason for not complying with the notice and public participation requirements thereof except for all information-gathering procedures adopted by the Bureau of Labor Statistics.

[46 FR 35, Jan. 2, 1981]

Subpart B—Audiovisual Coverage of Administrative Hearings

SOURCE: 38 FR 5631, Mar. 2, 1973, unless otherwise noted.

§ 2.10 Scope and purpose.

This subpart defines the scope of audiovisual coverage of departmental administrative hearings. It describes the types of proceedings where such coverage is encouraged, defines areas where such coverage is prohibited (as in certain enforcement proceedings or where witnesses object) and areas where a decision concerning coverage is made after weighing the values involved in permitting coverage against the reasons for not permitting it.

§ 2.11 General principles.

The following general principles will be observed in granting or denying requests for permission to cover hearings audiovisually:

(a) Notice and comment and on-the-record rule making proceedings may involve administrative hearings. If such administrative hearings are held, we encourage their audiovisual coverage.

(b) Audiovisual coverage shall be excluded in adjudicatory proceedings involving the rights or status of individuals (including those of small corporations likely to be indistinguishable in the public mind from one or a few individuals) in which an individual's past culpable conduct or other aspect of personal life is a primary subject of adjudication, and where the person in question objects to coverage.

(c) Certain proceedings involve balancing of conflicting values in order to determine whether audiovisual coverage should be allowed. Where audiovisual coverage is restricted, the reasons for the restriction shall be stated in the record.

§ 2.12 Audiovisual coverage permitted.

The following are the types of hearings where the Department encourages audiovisual coverage:

(a) All hearings involving notice and comment and on-the-record rule making proceedings. The Administrative Procedure Act provides for notice of proposed rule making with provision for participation by interested parties through submission of written data, views, or arguments, with or without opportunity for oral presentation (5 U.S.C. 553). (In many cases the Department follows the above procedure in matters exempted from these requirements of 5 U.S.C. 553.) On-the-record rule making proceedings under 5 U.S.C. 556 and 557 are also hearings where audiovisual coverage of hearings is encouraged. Examples of hearings encompassed by this paragraph are:

(1) Hearings to establish or amend safety or health standards under the Occupational Safety and Health Act of 1970, 29 U.S.C. 651.

(2) Hearings to determine the adequacy of State laws under the Occupational Safety and Health Act of 1970.

(b) Hearings to collect or review wage data upon which to base minimum wage rates determined under various laws, such as the Davis-Bacon Act (40 U.S.C. 276a) and related statutes and the Service Contract Act of 1965 (41 U.S.C. 353, as amended by Pub. L. 92-473 approved October 9, 1972).

(c) Hearings under section 4(c) of the Service Contract Act of 1965 (41 U.S.C. 353, subsection (c) added by Pub. L. 92-473 approved October 9, 1972) to determine if negotiated rates are substantially at variance with those which prevail in the locality for services of a character similar.

(d) Hearings before the Wage Appeals Board (Parts 1, 3, 5, and 7 of this chapter).

(e) Hearings held at the request of a Federal agency to resolve disputes under the Davis-Bacon and related Acts, involving prevailing wage rates or proper classification which involve significant sums of money, large groups of employees or novel or unusual situations.

(f) Hearings of special industry committees held pursuant to the Fair Labor Standards Act, as amended (29 U.S.C. 201 et seq.) for the purpose of recommending minimum wage rates to be paid in Puerto Rico, the Virgin Islands, and American Samoa.

(g) Hearings pursuant to section 13(a) of the Welfare and Pension Plans Disclosure Act (29 U.S.C. 308d) to determine whether a bond in excess of $500,000 may be prescribed.

(h) Hearings where the Department is requesting information needed for its administrative use in determining what our position should be (e.g., our hearings on the 4-day, 40-hour workweek).

§ 2.13 Audiovisual coverage prohibited.

The Department shall not permit audiovisual coverage of the following types of hearings if any party objects:

(a) Hearings to determine whether applications for individual variances should be issued under the Occupational Safety and Health Act of 1970.

(b) Hearings (both formal and informal) involving alleged violations of various laws such as the Davis-Bacon Act (40 U.S.C. 276a, et seq.) and related Acts, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.), the Service Contract Act (41 U.S.C. 351 et seq.), the Walsh Healey Act (41 U.S.C. 35 et seq.), under section 41 of the Longshoremen's and Harbor Workers' Compensation Act (33 U.S.C. 941 et seq.), the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et seq.), and any informal hearings or conferences under the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.) which are not within the jurisdiction of the Occupational Safety and Health Commission.

(c) Adversary hearings under the Longshoremen's and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.) and related Acts, which determine an employee's right to compensation.

(d) Hearings which determine an employee's right to compensation under the Federal Employees' Compensation Act (5 U.S.C. 8101 et seq.).

§ 2.14 Proceedings in which the Department balances conflicting values.

In proceedings not covered by §§ 2.12 and 2.13, the Department should determine whether the public's right to know outbalances the individual's right to privacy. When audiovisual coverage is restricted or excluded, the record shall state fully the reasons for such restriction or exclusion. For example, there would be included in this category hearings before the Board of Contract Appeals involving appeals from contracting officer decisions involving claims for extra costs for extra work, extra costs for delay in completion caused by the Government or for changes in the work, conformity hearings arising under State unemployment insurance laws, etc.

§ 2.15 Protection of witnesses.

A witness has the right, prior to or during his testimony, to exclude audiovisual coverage of his testimony in any hearing being covered audiovisually.

§ 2.16 Conduct of hearings.

The presiding officer at each hearing which is audiovisually covered is authorized to take any steps he deems necessary to preserve the dignity of the hearing or prevent its disruption by persons setting up or using equipment needed for its audiovisual coverage.

Subpart C—Employees Served With Subpoenas

AUTHORITY 5 U.S.C. 301 and Reorganization Plan No. 6 of 1950, 15 FR 3174, 64 Stat. 1263.

SOURCE: 46 FR 49543, Oct. 6, 1981, unless otherwise noted.

§ 2.20 Purpose, scope and definitions.

(a) This subpart sets forth the procedures to be followed whenever a subpoena, order, or other demand (hereinafter referred to as a "demand") of a court or other authority, in connection with a proceeding to which the U.S. Department of Labor is not a party, is issued for the production or disclosure of (1) any material contained in the files of the Department, (2) any information relating to material contained in the files of the Department, or (3) any information or material acquired by any person while such person was an employee of the Department as a part of the performance of his official duties or because of his official status.

(b) For purposes of this subpart, the term "employee of the Department" includes all officers and employees of the United States Department of Labor appointed by, or subject to the supervision, jurisdiction, or control of the Secretary of Labor.

(c)(1) For purposes of this subpart, the term "appropriate Deputy Solicitor of Labor" means the Deputy Solicitor of Labor for National Operations when the person served with a demand is either employed by the National Office of the Labor Department, or who is a former Labor Department employee and is served with a demand in Washington, D.C. In all other cases, the term "appropriate Deputy Solicitor of Labor" means the Deputy Solicitor of Labor for Regional Operations.

(2) For purposes of this subpart, the term "appropriate Office of the Solicitor" means that Office of the Associate Solicitor of Labor (in Washington, D.C.) serving as counsel to the program to which the demand relates, where the person served with a demand is employed by the National Office of the Labor Department, or who is a former Labor Department employee and is served with a demand in Washington, D.C. In all other cases, the term "appropriate Office of the Solicitor" means that Regional Solicitor's Office or Associate Regional Solicitor's Office serving the locality in which the employee or former employee is served with a demand.

(d) This subpart is intended to provide instructions regarding the internal operations of the Department of Labor, and is not intended, and does not, and may not, be relied upon to create any right or benefit, substantive or procedural, enforceable at law by a party against the Department of Labor.

§ 2.21 Procedure in the event of a demand for production or disclosure.

Whenever an employee or former employee of the Department receives a demand for the production of material or the disclosure of information described in § 2.20(a), he shall immediately notify the appropriate Office of the Solicitor. The appropriate Office of the Solicitor shall be furnished by the party causing the subpoena to be issued with a written summary of the information sought and its relevance to the proceeding in connection with which it was served. The Associate Solicitor, Regional Solicitor, or Associate Regional Solicitor, whichever is appropriate, may waive the requirement that a written summary be furnished where he or she deems it to be unnecessary. The election to waive the requirement of a written summary in no way constitutes a waiver of any other requirement set forth in this subpart.

§ 2.22 Production or disclosure prohibited unless approved by the appropriate Deputy Solicitor of Labor.

In terms of instructing an employee or former employee of the manner in which to respond to a demand, the Associate Solicitor, Regional Solicitor, or Associate Regional Solicitor, whichever is applicable, shall follow the instructions of the appropriate Deputy Solicitor of Labor. No employee or former employee of the Department of Labor shall, in response to a demand of a court or other authority, produce any material contained in the files of the Department or disclose any information relating to material contained in the files of the Department, or disclose any information or produce any material acquired as part of the performance of his official duties or because of his official status without approval of the appropriate Deputy Solicitor of Labor.

§ 2.23 Procedure where a decision concerning a demand is not made prior to the time a response to the demand is required.

If the response to the demand is required before the instructions from the appropriate Deputy Solicitor of Labor are received, a Department attorney or other government attorney designated for the purpose shall appear with the employee or former employee of the Department upon whom the demand has been made, and shall furnish the court or other authority with a copy of the regulations contained in this subpart and inform the court or other authority that the demand has been, or is being, as the case may be, referred for the prompt consideration of the appropriate Deputy Solicitor of Labor and shall respectfully request the court or other authority to stay the demand pending receipt of the requested instructions.

§ 2.24 Procedure in the event of an adverse ruling.

If the court or other authority declines to stay the effect of the demand in response to a request made in accordance with § 2.23 pending receipt of instructions, or if the court or other authority rules that the demand must be complied with irrespective of instructions not to produce the material or disclose the information sought, the employee or former employee upon whom the demand has been made shall respectfully decline to comply with the demand, *"United States ex rel Touhy* v. *Ragen,"* 340 US. 462.

§ 2.25 Subpoenas served upon employees of the Office of the Inspector General.

Notwithstanding the requirements set forth in §§ 2.20 through 2.24, this subpart is applicable to demands served on employees or former employees of the Office of the Inspector General (OIG), except that wherever in §§ 2.21 through 2.24 there appear the phrases "appropriate Office of the Solicitor", "Associate Solicitor, Regional Solicitor, or Associate Regional Solicitor," and "appropriate Deputy Solicitor of Labor", there shall be substituted in lieu thereof "the Inspector General or Deputy Inspector General." In addition, the first sentence of § 2.22 shall not be applicable to subpoenas served upon employees or former employees of the Office of the Inspector General.

PART 3—CONTRACTORS AND SUBCONTRACTORS ON PUBLIC BUILDING OR PUBLIC WORK FINANCED IN WHOLE OR IN PART BY LOANS OR GRANTS FROM THE UNITED STATES

Sec.
3.1 Purpose and scope.
3.2 Definitions.
3.3 Weekly statement with respect to payment of wages.
3.4 Submission of weekly statements and the preservation and inspection of weekly payroll records.
3.5 Payroll deductions permissible without application to or approval of the Secretary of Labor.
3.6 Payroll deductions permissible with the approval of the Secretary of Labor.
3.7 Applications for the approval of the Secretary of Labor.
3.8 Action by the Secretary of Labor upon applications.
3.9 Prohibited payroll deductions.
3.10 Methods of payment of wages.
3.11 Regulations part of contract.

AUTHORITY: R.S. 161, sec. 2, 48 Stat. 848; Reorg. Plan No. 14, of 1950, 64 Stat. 1267; 5 U.S.C. 301; 40 U.S.C. 276c.

SOURCE: 29 FR 97, Jan. 4, 1964, unless otherwise noted.

§ 3.1 Purpose and scope.

This part prescribes "anti-kickback" regulations under section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c), popularly known as the Copeland Act. This part applies to any contract which is subject to Federal wage standards and which is for the construction, prosecution, completion, or repair of public buildings, public works or buildings or works financed in whole or in part by loans or grants from the United States. The part is intended to aid in the enforcement of the minimum wage provisions of the Davis-Bacon Act and the various statutes dealing with federally assisted construction that contain similar minimum wage provisions, including those provisions which are not subject to Reorganization Plan No. 14 (e.g., the College Housing Act of 1950, the Federal Water Pollution Control Act, and the Housing Act of 1959), and in the enforcement of the overtime provisions of the Contract Work Hours Standards Act whenever they are applicable to construction work. The part details the obligation of contractors and subcontractors relative to the weekly submission of statements regarding the wages paid on work covered thereby; sets forth the circumstances and procedures governing the making of payroll deductions from the wages of those employed on such work; and delineates the methods of payment permissible on such work.

§ 3.2 Definitions.

As used in the regulations in this part:

(a) The terms "building" or "work" generally include construction activity as distinguished from manufacturing, furnishing of materials, or servicing and maintenance work. The terms include, without limitation, buildings, structures, and improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, powerlines, pumping stations, railways, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, and canals; dredging, shoring, scaffolding, drilling, blasting, excavating, clearing, and landscaping. Unless conducted in connection with and at the site of such a building or work as is described in the foregoing sentence, the manufacture or furnishing of materials, articles, supplies, or equipment (whether or not a Federal or State agency acquires title to such materials, articles, supplies, or equipment during the course of the manufacture or furnishing, or owns the materials from which they are manufactured or furnished) is not a "building" or "work" within the meaning of the regulations in this part.

(b) The terms "construction," "prosecution," "completion," or "repair" mean all types of work done on a particular building or work at the site thereof, including, without limitation, altering, remodeling, painting and decorating, the transporting of materials and supplies to or from the building or work by the employees of the construction contractor or construction subcontractor, and the manufacturing or furnishing of materials, articles, supplies, or equipment on the site of the building or work, by persons employed at the site by the contractor or subcontractor.

(c) The terms "public building" or "public work" include building or work for whose construction, prosecution, completion, or repair, as defined above, a Federal agency is a contracting party, regardless of whether title thereof is in a Federal agency.

(d) The term "building or work financed in whole or in part by loans or grants from the United States" includes building or work for whose construction, prosecution, completion, or repair, as defined above, payment or part payment is made directly or indirectly from funds provided by loans or grants by a Federal agency. The term includes building or work for which the Federal assistance granted is in the form of loan guarantees or insurance.

(e) Every person paid by a contractor or subcontractor in any manner for his labor in the construction, prosecution, completion, or repair of a public building or public work or building or work financed in whole or in part by loans or grants from the United States is "employed" and receiving "wages," regardless of any contractual relationship alleged to exist between him and the real employer.

(f) The term "any affiliated person" includes a spouse, child, parent, or other close relative of the contractor or subcontractor; a partner or officer of the contractor or subcontractor; a corporation closely connected with the contractor or subcontractor as parent, subsidiary, or otherwise, and an officer or agent of such corporation.

(g) The term "Federal agency" means the United States, the District of Columbia, and all executive departments, independent establishments, administrative agencies, and instrumentalities of the United States and of the District of Columbia, including corporations, all or substantially all of the stock of which is beneficially owned by the United States, by the District of Columbia, or any of the foregoing departments, establishments, agencies, and instrumentalities.

[29 FR 97, Jan. 4, 1964, as amended at 38 FR 32575, Nov. 27, 1973]

§ 3.3 Weekly statement with respect to payment of wages.

(a) As used in this section, the term "employee" shall not apply to persons in classifications higher than that of laborer or mechanic and those who are the immediate supervisors of such employees.

(b) Each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the United States, shall furnish each week a statement with respect to the wages paid each of its employees engaged on work covered by this Part 3 and Part 5 of this chapter during the preceding weekly payroll period. This statement shall be executed by the contractor or subcontractor or by an authorized officer or employee of the contractor or subcontractor who supervises the payment of wages, and shall be on form WH 348, "Statement of Compliance", or on an identical form on the back of WH 347, "Payroll (For Contractors Optional Use)" or on any form with identical wording. Sample copies of WH 347 and WH 348 may be obtained from the Government contracting or sponsoring agency, and copies of these forms may be purchased at the Government Printing Office.

(c) The requirements of this section shall not apply to any contract of $2,000 or less.

(d) Upon a written finding by the head of a Federal agency, the Secretary of Labor may provide reasonable limitations, variations, tolerances, and exemptions from the requirements of this section subject to such conditions as the Secretary of Labor may specify.

[29 FR 97, Jan. 4, 1964, as amended at 33 FR 10186, July 17, 1968; 47 FR 23679, May 28, 1982]

EFFECTIVE DATE NOTE: At 47 FR 23679, May 28, 1982, paragraph (b) of § 3.3 was revised, effective July 27, 1982. At 47 FR 32070, July 26, 1982, and 48 FR 19368, Apr. 29, 1983, the effective date was deferred indefinitely. For the convenience of the user, the deferred text of paragraph (b) appears below.

§ 3.3 Weekly statement with respect to payment of wages.

* * * * *

(b)(1) Each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the United States, shall furnish each week a statement with respect to the wages paid each of its employees engaged on work covered by 29 CFR Parts 3 and 5 during the preceding weekly payroll period.

(2) Each "Statement of Compliance" shall be signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(i) That the payroll for the payroll period contains the information required to be maintained under § 5.5(a)(3)(i) of this chapter, 29 CFR Part 5 and that such information is correct and complete;

(ii) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in §§ 3.5-3.8;

(iii) That each laborer or mechanic has been paid not less than the wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(3) The willful falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of Title 18 and section 231 of Title 31 of the United States Code.

* * * * *

§ 3.4 Submission of weekly statements and the preservation and inspection of weekly payroll records.

(a) Each weekly statement required under § 3.3 shall be delivered by the contractor or subcontractor, within seven days after the regular payment date of the payroll period, to a representative of a Federal or State agency in charge at the site of the building or work, or, if there is no representative of a Federal or State agency at the site of the building or work, the statement shall be mailed by the contractor or subcontractor, within such time, to a Federal or State agency contracting for or financing the building or work. After such examination and check as may be made, such statement, or a copy thereof, shall be kept available, or shall be transmitted together with a report of any violation, in accordance with applicable procedures prescribed by the United States Department of Labor.

(b) Each contractor or subcontractor shall preserve his weekly payroll records for a period of three years from date of completion of the contract. The payroll records shall set out accurately and completely the name and address of each laborer and mechanic, his correct classification, rate of pay, daily and weekly number of hours worked, deductions made, and actual wages paid. Such payroll records shall be made available at all times for inspection by the contracting officer or his authorized representative, and by authorized representatives of the Department of Labor.

(The recordkeeping requirements contained in paragraph (b) were approved by the Office of Management and Budget under control number 1215-0017.)

[29 FR 97, Jan. 4, 1964, as amended at 47 FR 145, Jan. 5, 1982]

§ 3.5 Payroll deductions permissible without application to or approval of the Secretary of Labor.

Deductions made under the circumstances or in the situations described in the paragraphs of this section may be made without application to and approval of the Secretary of Labor:

(a) Any deduction made in compliance with the requirements of Federal, State, or local law, such as Federal or State withholding income taxes and Federal social security taxes.

(b) Any deduction of sums previously paid to the employee as a bona fide prepayment of wages when such prepayment is made without discount or interest. A "bona fide prepayment of wages" is considered to have been made only when cash or its equivalent has been advanced to the person employed in such manner as to give him complete freedom of disposition of the advanced funds.

(c) Any deduction of amounts required by court process to be paid to another, unless the deduction is in favor of the contractor, subcontractor, or any affiliated person, or when collusion or collaboration exists.

(d) Any deduction constituting a contribution on behalf of the person employed to funds established by the employer or representatives of employees, or both, for the purpose of providing either from principal or income, or both, medical or hospital care, pensions or annuities on retirement, death benefits, compensation for injuries, illness, accidents, sickness, or disability, or for insurance to provide any of the foregoing, or unemployment benefits, vacation pay, savings accounts, or similar payments for the benefit of employees, their families and dependents: *Provided, however*, That the following standards are met:

(1) The deduction is not otherwise prohibited by law;

(2) It is either: (i) Voluntarily consented to by the employee in writing and in advance of the period in which the work is to be done and such consent is not a condition either for the obtaining of or for the continuation of employment, or (ii) provided for in a bona fide collective bargaining agreement between the contractor or subcontractor and representatives of its employees;

(3) No profit or other benefit is otherwise obtained, directly or indirectly, by the contractor or subcontractor or any affiliated person in the form of commission, dividend, or otherwise; and

(4) The deductions shall serve the convenience and interest of the employee.

(e) Any deduction contributing toward the purchase of United States Defense Stamps and Bonds when voluntarily authorized by the employee.

(f) Any deduction requested by the employee to enable him to repay loans to or to purchase shares in credit unions organized and operated in accordance with Federal and State credit union statutes.

(g) Any deduction voluntarily authorized by the employee for the making of contributions to governmental or quasi-governmental agencies, such as the American Red Cross.

(h) Any deduction voluntarily authorized by the employee for the making of contributions to Community Chests, United Givers Funds, and similar charitable organizations.

(i) Any deductions to pay regular union initiation fees and membership dues, not including fines or special assessments: *Provided, however,* That a collective bargaining agreement between the contractor or subcontractor and representatives of its employees provides for such deductions and the deductions are not otherwise prohibited by law.

(j) Any deduction not more than for the "reasonable cost" of board, lodging, or other facilities meeting the requirements of section 3(m) of the Fair Labor Standards Act of 1938, as amended, and Part 531 of this title. When such a deduction is made the additional records required under § 516.25(a) of this title shall be kept.

(k) Any deduction for the cost of safety equipment of nominal value purchased by the employee as his own property for his personal protection in his work, such as safety shoes, safety glasses, safety gloves, and hard hats, if such equipment is not required by law to be furnished by the employer, if such deduction is not violative of the Fair Labor Standards Act or prohibited by other law, if the cost on which the deduction is based does not exceed the actual cost to the employer where the equipment is purchased from him and does not include any direct or indirect monetary return to the employer where the equipment is purchased from a third person, and if the deduction is either (1) voluntarily consented to by the employee in writing and in advance of the period in which the work is to be done and such consent is not a condition either for the obtaining of employment or its continuance; or (2) provided for in a bona fide collective bargaining agreement between the contractor or subcontractor and representatives of its employees.

[29 FR 97, Jan. 4, 1964, as amended at 36 FR 9770, May 28, 1971]

§ 3.6 Payroll deductions permissible with the approval of the Secretary of Labor.

Any contractor or subcontractor may apply to the Secretary of Labor for permission to make any deduction not permitted under § 3.5. The Secretary may grant permission whenever he finds that:

(a) The contractor, subcontractor, or any affiliated person does not make a profit or benefit directly or indirectly from the deduction either in the form of a commission, dividend, or otherwise;

(b) The deduction is not otherwise prohibited by law;

(c) The deduction is either (1) voluntarily consented to by the employee in writing and in advance of the period in which the work is to be done and such consent is not a condition either for the obtaining of employment or its continuance, or (2) provided for in a bona fide collective bargaining agreement between the contractor or subcontractor and representatives of its employees; and

(d) The deduction serves the convenience and interest of the employee.

§ 3.7 Applications for the approval of the Secretary of Labor.

Any application for the making of payroll deductions under § 3.6 shall comply with the requirements prescribed in the following paragraphs of this section:

(a) The application shall be in writing and shall be addressed to the Secretary of Labor.

(b) The application need not identify the contract or contracts under which the work in question is to be performed. Permission will be given for deductions on all current and future contracts of the applicant for a period of 1 year. A renewal of permission to make such payroll deduction will be granted upon the submission of an application which makes reference to the original application, recites the date of the Secretary of Labor's approval of such deductions, states affirmatively that there is continued compliance with the standards set forth in the provisions of § 3.6, and specifies any conditions which have changed in regard to the payroll deductions.

(c) The application shall state affirmatively that there is compliance with the standards set forth in the provisions of § 3.6. The affirmation shall be accompanied by a full statement of the facts indicating such compliance.

(d) The application shall include a description of the proposed deduction, the purpose to be served thereby, and the classes of laborers or mechanics from whose wages the proposed deduction would be made.

(e) The application shall state the name and business of any third person to whom any funds obtained from the proposed deductions are to be transmitted and the affiliation of such person, if any, with the applicant.

[29 FR 97, Jan. 4, 1964, as amended at 36 FR 9771, May 28, 1971]

§ 3.8 Action by the Secretary of Labor upon applications.

The Secretary of Labor shall decide whether or not the requested deduction is permissible under provisions of § 3.6; and shall notify the applicant in writing of his decision.

§ 3.9 Prohibited payroll deductions.

Deductions not elsewhere provided for by this part and which are not found to be permissible under § 3.6 are prohibited.

§ 3.10 Methods of payment of wages.

The payment of wages shall be by cash, negotiable instruments payable on demand, or the additional forms of compensation for which deductions are permissible under this part. No other methods of payment shall be recognized on work subject to the Copeland Act.

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All contracts made with respect to the construction, prosecution, completion, or repair of any public building or public work or building or work financed in whole or in part by loans or grants from the United States covered by the regulations in this part shall expressly bind the contractor or subcontractor to comply with such of the regulations in this part as may be applicable. In this regard, see § 5.5(a) of this subtitle.

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Subpart A—Service Contract Labor Standards Provisions and Procedures

§ 4.1 Purpose and scope.

This part contains the Department of Labor's rules relating to the administration of the McNamara-O'Hara Service Contract Act of 1965, as amended, referred to hereinafter as the Act. Rules of practice for administrative proceedings under the Act and for the review of wage determinations are contained in Parts 6 and 8 of this chapter. See Part 1925 of this title for the safety and health standards applicable under the Service Contract Act.

§ 4.1a Definitions and use of terms.

As used in this part, unless otherwise indicated by the context—

(a) "Act," "Service Contract Act," McNamara-O'Hara Act, or "Service Contract Act of 1965" shall mean the Service Contract Act of 1965 as amended by Pub. L. 92-473, 86 Stat. 789, effective October 9, 1972, Pub. L. 93-57, 87 Stat. 140, effective July 6, 1973, and Pub. L. 94-489, 90 Stat. 2358, effective October 13, 1976 and any subsequent amendments thereto.

(b) "Secretary" includes the Secretary of Labor, the Deputy Under Secretary for Employment Standards, and their authorized representatives.

(c) "Wage and Hour Division" means the organizational unit in the Employment Standards Administration of the Department of Labor to which is assigned the performance of functions of the Secretary under the Service Contract Act of 1965, as amended.

(d) "Administrator" means the Administrator of the Wage and Hour Division, or authorized representative.

(e) "Contract" includes any contract subject wholly or in part to the provisions of the Service Contract Act of 1965 as amended, and any subcontract of any tier thereunder. (See §§ 4.107-4.134.)

(f) "Contractor" includes a subcontractor whose subcontract is subject to provisions of the Act. Also, the term "employer" means, and is used interchangeably with, the terms "contractor" and "subcontractor" in various sections in this part. The U.S. Government, its agencies, and instrumentalities are not contractors, subcontractors, employers or joint employers for purposes of compliance with the provisions of the Act.

(g) "Affiliate" or "affiliated person" includes a spouse, child, parent, or other close relative of the contractor or subcontractor; a partner or officer of the contractor or subcontractor; a corporation closely connected with a contractor or subcontractor as a parent, subsidiary, or otherwise; and an officer or agent of such corporation. An affiliation is also deemed to exist where, directly or indirectly, one business concern or individual controls or has the power to control the other or where a third party controls or has the power to control both.

(h) "Wage determination" includes any determination of minimum wage rates or fringe benefits made pursuant to the provisions of sections 2(a) and/or 4(c) of the Act for application to the employment in a locality of any class or classes of service employees in the performance of any contract in excess of $2,500 which is subject to the provisions of the Service Contract Act of 1965.

§ 4.1b Payment of minimum compensation based on collectively bargained wage rates and fringe benefits applicable to employment under predecessor contract.

(a) Section 4(c) of the Service Contract Act of 1965 as amended provides special minimum wage and fringe benefit requirements applicable to every contractor and subcontractor under a contract which succeeds a contract subject to the Act and under which substantially the same services as under the predecessor contract are furnished in the same locality. Section 4(c) provides that no such contractor or subcontractor shall pay any service employee employed on the contract work less than the wages and fringe benefits provided for in a collective bargaining agreement as a result of arms-length negotiations, to which such service employees would have been entitled if they were employed under the predecessor contract, including accrued wages and fringe benefits and any prospective increases in wages and fringe benefits provided for in such collective bargaining agreement. If, however, the Secretary finds after a hearing in accordance with the regulations set forth in § 4.10 of this subpart and Parts 6 and 8 of this title that in any of the foregoing circumstances such wages and fringe benefits are substantially at variance with those which prevail for service of a character similar in the locality, those wages and/or fringe benefits in such collective bargaining agreement which are found to be substantially at variance shall not apply, and a new wage determination shall be issued. If the contract has been awarded and work begun prior to a finding that the wages and/or fringe benefits in a collective bargaining agreement are substantially at variance with those prevailing in the locality, the payment obligation of such contractor or subcontractor with respect to the wages and fringe benefits contained in the new wage determination shall be applicable as of the date of the Administrative Law Judge's decision or, where the decision is reviewed by the Board of Service Contract Appeals, the date of the decision of the Board of Service Contract Appeals. (See also § 4.163(c).)

(b) Pursuant to section 4(b) of the Act, the application of section 4(c) is made subject to the following variation in the circumstances and under the conditions described: The wage rates and fringe benefits provided for in any collective bargaining agreement applicable to the performance of work under the predecessor contract which is consummated during the period of performance of such contract shall not be effective for purposes of the successor contract under the provisions of section 4(c) of the Act or under any wage determination implementing such section issued pursuant to section 2(a) of the Act, if—

(1) In the case of a successor contract for which bids have been invited by formal advertising, notice of the terms of such new or changed collective bargaining agreement is received by the contracting agency less than 10 days before the date set for opening of bids, provided that the contracting agency finds that there is not reasonable time still available to notify bidders; or

(2) Notice of the terms of a new or changed collective bargaining agreement is received by the agency after award of a successor contract to be entered into pursuant to negotiations or as a result of the execution of a renewal option or an extension of the initial contract term, provided that the contract start of performance is within 30 days of such award or renewal option or extension. If the contract does not specify a start of performance date which is within 30 days from the award, and/or performance of such procurement does not commence within this 30-day period, any notice of the terms of a new or changed collective bargaining agreement received by the agency not less than 10 days before commencement of the contract will be effective for purposes of the successor contract under section 4(c); and

(3) The limitations in paragraph (b) (1) or (2) of this section shall apply only if the contracting officer has given both the incumbent (predecessor) contractor and his employees' collective bargaining representative written notification at least 30 days in advance of all applicable estimated pro-

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curement dates, including issue of bid solicitation, bid opening, date of award, commencement of negotiations, receipt of proposals, or the commencement date of a contract resulting from a negotiation, option, or extension, as the case may be.

§ 4.2 Payment of minimum wage specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 under all service contracts.

Section 2(b)(1) of the Service Contract Act of 1965 provides in effect that, regardless of contract amount, no contractor or subcontractor performing work under any Federal contract the principal purpose of which is to furnish services through the use of service employees shall pay any of his employees engaged in such work less than the minimum wage specified in section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended ($2.90 per hour beginning January 1, 1979, $3.10 per hour beginning January 1, 1980, and $3.35 per hour after December 31, 1980).

§ 4.3 Wage determinations.

(a) The minimum monetary wages and fringe benefits for service employees which the Act requires to be specified in contracts and bid solicitations subject to section 2(a) thereof will be set forth in wage determinations issued by the Administrator. Wage determinations shall be issued as soon as administratively feasible for all contracts subject to section 2(a) of the Act, and will be issued for all contracts entered into under which more than 5 service employees are to be employed.

(b) Such wage determinations will set forth for the various classes of service employees to be employed in furnishing services under such contracts in the appropriate localities, minimum monetary wage rates to be paid and minimum fringe benefits to be furnished them during the periods when they are engaged in the performance of such contracts, including, where appropriate under the Act, provisions for adjustments in such minimum rates and benefits to be placed in effect under such contracts at specified future times. The wage rates and fringe benefits set forth in such wage determinations shall be determined in accordance with the provisions of sections 2(a)(1), (2), and (5), 4(c) and 4(d) of the Act from those prevailing in the locality for such employees, with due consideration of the rates that would be paid for direct Federal employment of any classes of such employees whose wages, if federally employed, would be determined as provided in 5 U.S.C. 5341 or 5 U.S.C. 5332, or from pertinent collective bargaining agreements with respect to the implementation of section 4(c). The wage rates and fringe benefits so determined for any class of service employees to be engaged in furnishing covered contract services in a locality shall be made applicable by contract to all service employees of such class employed to perform such services in the locality under any contract subject to section 2(a) of the Act which is entered into thereafter and before such determination has been rendered obsolete by a withdrawal, modification, or supersedure.

(c) Generally, wage determinations issued for solicitations or negotiations for any contract where the place of performance is unknown will contain minimum monetary wages and fringe benefits for the various geographic localities where the work may be performed which were identified in the initial solicitation (see § 4.4(a)(2)(i)).

(d) Wage determinations will be available for public inspection during business hours at the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C., and copies will be made available on request at Regional Offices of the Wage and Hour Division.

§ 4.4 Notice of intention to make a service contract.

(a)(1) For any contract exceeding $2,500 which may be subject to the Act, the contracting agency shall file with the Wage and Hour Division, Employment Standards Administration, Department of Labor, its notice of intention to make a service contract. With respect to recurring or known requirements, such notices shall be filed not less than 60 days (nor more than

120 days, except with the approval of the Wage and Hour Division) prior to (i) any invitation for bids, (ii) request for proposals, (iii) commencement of negotiations, (iv) exercise of option or contract extension, (v) annual anniversary date of a multi-year contract subject to annual fiscal appropriations of the Congress, or (vi) each biennial anniversary date of a multi-year contract not subject to such annual appropriations, if so authorized by the Wage and Hour Division. (See § 4.4(d).) Notices with regard to solicitations where such planning is not feasible shall be submitted as soon as possible, but not later than 30 days prior to the above contracting actions. Such notice shall be submitted on Standard Form 98, Notice of Intention to Make a Service Contract, and Standard Form 98-A or a statement containing the information in paragraph (b) of this section and shall be completed in accordance with the instruction provided and shall be supplemented by the information required under paragraphs (c) and (d) of this section. Supplies of Standard Forms 98 and 98-A are available in all GSA supply depots under stock numbers 7540-926-8972 and 7540-118-1008, respectively. If there exists any question or doubt as to the possible application of the Act to a particular procurement, the contracting agency shall submit such question in a timely manner to the Administrator for determination.

(2)(i) Where the place of performance of a contract for services subject to the Act is unknown at the time of solicitation, the solicitation need not initially contain a wage determination. The contracting agency shall, upon identification of firms participating in the procurement in response to an initial solicitation, file with the Wage and Hour Division, Employment Standards Administration, Department of Labor, its notice of intention to make a service contract. In addition to the requirements contained in paragraph (a)(1) of this section, such submission shall identify each location where the work may be performed as indicated by participating firms. Subsequent amendments to the solicitation setting forth the wage determinations and any necessary change in the date and time for submission of final bids shall be made upon receipt of wage determinations. An applicable wage determination must be obtained for each firm participating in the bidding for the location in which it would perform the contract. The appropriate wage determination shall be incorporated in the resultant contract documents and shall be applicable to all work performed thereunder (regardless of whether the successful contractor subsequently changes the place(s) of contract performance).

(ii) There may be unusual situations, as determined by the Department of Labor upon consultation with a contracting agency, where the procedure in paragraph (i) above is not practicable in a particular situation, in which event the Department may authorize a modified procedure which may result in the subsequent issuance of wage determinations for one or more composite localities.

(b) The contracting agency shall file with its Notice of Intention to Make a Service Contract (SF-98) either a Standard Form 98-A or a statement in writing, containing the following information concerning the service employees expected by the agency to be employed by the contractor and any subcontractors in performing the contract:

(1) The number of such employees of all classes, or a statement indicating whether such number will or will not exceed 5, the number for which the inclusion of a wage determination in the contract is mandatory under the provisions of section 10 of the Act as set forth in § 4.3(a); and

(2) A listing of those classes of service employees expected to be employed under the contract which, if employed by the agency, would be subject to the wage provisions of 5 U.S.C. 5341 or 5 U.S.C. 5332, together with a specification of the rates of wages and fringe benefits that would be paid by the Government to employees of each such class if such statute were applicable to them. (Under section 2(a)(5) of the Act and § 4.6 the inclusion of such a statement in the service contract is also required.)

(c) If the services to be furnished under the proposed contract will be substantially the same as services being furnished in the same locality by an incumbent contractor whose contract the proposed contract will succeed, and if such incumbent contractor is furnishing such services through the use of service employees whose wage rates and fringe benefits are the subject of one or more collective bargaining agreements, the contracting agency shall file with its Notice of Intention to Make a Service Contract (SF-98) a copy of each such collective bargaining agreement together with any related documents specifying the wage rates and fringe benefits currently or prospectively payable under such agreement. If the place of contract performance is unknown, the contracting agency will submit the collective bargaining agreement of the incumbent contractor for incorporation into a wage determination applicable to a potential bidder located in the same geographic area as the predecessor contractor (section 4.4(a)(2)). If such services are being furnished at more than one locality and the collectively bargained wage rates and fringe benefits are different at different localities or do not apply to one or more localities, the agency shall identify the localities to which such agreements have application. If the collective bargaining agreement does not apply to all service employees under the contract, the agency shall identify the employees and/or work subject to the collective bargaining agreement. In the event that the agency has reason to believe that any such collective bargaining agreement was not entered into as a result of arm's-length negotiations, a full statement of the facts so indicating shall be transmitted with the copy of such agreement. See § 4.11. If the agency has information indicating that any such collectively bargained wage rates and fringe benefits are substantially at variance with those prevailing for services of a similar character in the locality, the agency shall so advise the Wage and Hour Division and, if it believes a hearing thereon pursuant to section 4(c) of the Act is warranted, shall file its request for such hearing pursuant to § 4.10 at the time of filing the Notice of Intention to Make a Service Contract (Form SF-98).

(d) If the proposed contract is for a multi-year period subject to other than annual appropriations, the contracting agency shall file with its Standard Form 98 a statement in writing concerning the type of funding and the contemplated term of the proposed contract. Unless otherwise advised by the Wage and Hour Division that a Standard Form 98 must be filed on the annual anniversary date, a new Standard Form 98 shall be submitted on each biennial anniversary date of the proposed multi-year contract in the event its term is for a period in excess of two years.

(e) Any Standard Form 98 submitted by a contracting agency without the information required under paragraphs (b), (c), or (d) of this section will be returned to the agency for further action.

(f) If exceptional circumstances prevent the filing of the notice of intention and supplemental information required by this section on a date at least 60 days (or 30 days in the case of unplanned procurements) prior to any invitation for bids, request for proposals, or commencement of negotiations, the notice shall be submitted to the Wage and Hour Division as soon as practicable with a detailed explanation of the special circumstances which prevented timely submission. In the event the proposed contract involves performance by more than 5 service employees and an emergency situation requires an immediate award, the contracting agency shall contact the Wage and Hour Division by telephone for guidance prior to any such award. In no event may a contract subject to the act on which more than 5 service employees are contemplated to be employed be awarded without an appropriate wage determination. (Section 10 of the Act.)

(g) If any invitation for bids, request for proposals, bid opening, or commencement of negotiations for a proposed contract for which a wage determination was provided in response to a Standard Form 98 has been delayed, for whatever reason, more than 60 days from the date of such procurement action as indicated on the sub-

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mitted Standard Form 98, the contracting agency shall contact the Wage and Hour Division for the purpose of determining whether the wage determination issued pursuant to the initial submission is still current. Any revision of a wage determination received by the contracting agency as a result of such communication or upon discovery by the Department of Labor of a delay, shall supersede and replace the earlier response as the wage determination applicable to such procurement, subject to the time frames set forth in § 4.5(a)(2).

§ 4.5 Contract specification of determined minimum wages and fringe benefits.

(a) Any contract in excess of $2,500 shall contain, as an attachment, the applicable, currently effective wage determination specifying the minimum wages and fringe benefits for service employees to be employed thereunder, including any document referred to in paragraphs (a) (1) or (2) of this section;

(1) Any communication from the Wage and Hour Division, Employment Standards Administration, Department of Labor, responsive to the notice required by § 4.4; or

(2) Any revision of a wage determination issued prior to the award of the contract or contracts which specifies minimum wage rates or fringe benefits for classes of service employees whose wages or fringe benefits were not previously covered by wage determinations, or which changes previously determined minimum wage rates and fringe benefits for service employees employed on covered contracts in the locality. However, revisions received by the Federal agency later than 10 days before the opening of bids, in the case of contracts entered into pursuant to competitive bidding procedures, shall not be effective if the Federal agency finds that there is not a reasonable time still available to notify bidders of the revision. In the case of procurements entered into pursuant to negotiations (or in the case of the execution of an option or an extension of the initial contract term), revisions received by the agency after award (or execution of an option or extension of term, as the case may be) of the contract shall not be effective *provided* that the contract start of performance is within 30 days of such award (or execution of an option or extension of term). If the contract does not specify a start of performance date which is within 30 days from the award, and/or if performance of such procurement does not commence within this 30-day period, the Department of Labor shall be notified and any notice of a revision received by the agency not less than 10 days before commencement of the contract shall be effective. In situations arising under section 4(c) of the Act, the provisions in § 4.1b(b) apply.

(b)(1) The following exemption from the compensation requirements of section 2(a) of the Act applies, subject to the limitations set forth in paragraphs (b) (2), (3), and (4) of this section: To avoid serious impairment of the conduct of Government business it has been found necessary and proper to provide exemption from the determined wage and fringe benefits section of the Act (section 2(a) (1), (2)) but not the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended (section 2(b) of this Act), of contracts under which five or less service employees are to be employed, and for which no such wage or fringe benefit determination has been issued;

(2) The exemption provided in paragraph (b)(1) of this section, which was adopted pursuant to section 4(b) of the Act prior to its amendment by Pub. L. 92-473, does not extend to undetermined wages or fringe benefits in contracts for which one or more, but not all, classes of service employees are the subject of an applicable wage determination. The procedure for determination of wage rates and fringe benefits for any classes of service employees engaged in performing such contracts whose wages and fringe benefits are not specified in the applicable wage determination is set forth in § 4.6(b).

(3) The exemption provided in paragraph (b)(1) of this section does not exempt any contract from the application of the provisions of section 4(c) of the Act as amended, concerning successor contracts.

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(4) The exemption provided in paragraph (b)(1) of this section does not apply to any contract for which section 10 of the Act as amended requires an applicable wage determination.

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(c)(1) If the notice of intention required by § 4.4 is not filed with the required supporting documents within the time provided in such section, the contracting agency shall, through the exercise of any and all of its power and authority that may be needed (including, where necessary, its authority to negotiate, its authority to pay any necessary additional costs, and its authority under any provision of the contract authorizing changes), include in the contract any wage determinations communicated to it by the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, within 30 days of the receipt of such wage determination(s). With respect to any contract for which section 10 of the Act requires an applicable wage determination, the Administrator may require retroactive application of such wage determination.

(2) Where the Department of Labor discovers and determines, whether before or subsequent to a contract award, that a contracting agency made an erroneous determination that the Service Contract Act did not apply to a particular procurement and/or failed to include an appropriate wage determination in a covered contract, the contracting agency, within 30 days of notification by the Department of Labor, shall include in the contract the stipulations contained in § 4.6 and any applicable wage determination issued by the Administrator or his authorized representative through the exercise of any and all authority that may be needed (including, where necessary, its authority to negotiate or amend, its authority to pay any necessary additional costs, and its authority under any contract provision authorizing changes, cancellation, and termination). With respect to any contract subject to Section 10 of the Act, the Administrator may require retroactive application of such wage determination. (See 53 Comp. Gen. 412, (1973); *Curtiss-Wright Corp.* v. *McLucas*, 381 F. Supp. 657 (D NJ 1974); *Marine Engineers Beneficial Assn., District 2* v. *Military Sealift Command*, 86 CCH Labor Cases ¶33,782 (D DC 1979); *Brinks, Inc.* v. *Board of Governors of the Federal Reserve System*, 466 F. Supp. 112 (D DC 1979), 466 F. Supp. 116 (D DC 1979) (See also 32 CFR 1-403.)

(d) In cases where the contracting agency has filed its SF-98 within the time limits discussed in § 4.4(a) and has not received a response from the Department of Labor, the contracting agency shall, with respect to any contract for which section 10 of the Act and § 4.3 of this part mandate the inclusion of an applicable wage determination, contact the Wage and Hour Division by telephone for guidance.

§ 4.6 Labor standards clauses for Federal service contracts exceeding $2,500.

The clauses set forth in the following paragraphs shall be included in full by the contracting agency in every contract entered into by the United States or the District of Columbia, in excess of $2,500, or in an indefinite amount, the principal purpose of which is to furnish services through the use of service employees:

(a) Service Contract Act of 1965, as amended: This contract is subject to the Service Contract Act of 1965, as amended (41 U.S.C. 351 *et seq.*) and is subject to the following provisions and to all other applicable provisions of the Act and regulations of the Secretary of Labor issued thereunder (29 CFR Part 4).

(b)(1) Each service employee employed in the performance of this contract by the contractor or any subcontractor shall be paid not less than the minimum monetary wages and shall be furnished fringe benefits in accordance with the wages and fringe benefits determined by the Secretary of Labor or authorized representative, as specified in any wage determination attached to this contract.

(2)(i) If there is such a wage determination attached to this contract, the contracting officer shall require that any class of service employee which is not listed therein and which is to be employed under the contract (i.e., the work to be performed is not performed by any classification listed in the wage determination), be classified by the contractor so as to provide a reasonable relationship (i.e., appropriate level of skill comparison) between such unlisted classifications and the classifications listed in the wage determination. Such conformed class of employees shall be paid the monetary wages and furnished the fringe benefits as are determined pursuant to the procedures in this section.

(ii) Such conforming procedure shall be initiated by the contractor prior to the performance of contract work by such unlisted class of employee. A written report of the proposed conforming action, including information regarding the agreement or disagreement of the authorized representative of the employees involved or, where there is no authorized representative, the employees themselves, shall be submitted by the contractor to the contracting officer no later than 30 days after such unlisted class of employees performs any contract work. The contracting officer shall review the proposed action and promptly submit a report of the action, together with the agency's recommendation and all pertinent information including the position of the contractor and the employees, to the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, for review. The Wage and Hour Division will approve, modify, or disapprove the action or render a final determination in the event of disagreement within 30 days of receipt or will notify the contracting officer within 30 days of receipt that additional time is necessary.

(iii) The final determination of the conformance action by the Wage and Hour Division shall be transmitted to the contracting officer who shall promptly notify the contractor of the action taken. Each affected employee shall be furnished by the contractor with a written copy of such determination or it shall be posted as a part of the wage determination.

(iv)(A) The process of establishing wage and fringe benefit rates that bear a reasonable relationship to those listed in a wage determination cannot be reduced to any single formula. The approach used may vary from wage determination to wage determination depending on the circumstances. Standard wage and salary administration practices which rank various job classifications by pay grade pursuant to point schemes or other job factors may, for example, be relied upon. Guidance may also be obtained from the way different jobs are rated under Federal pay systems (Federal Wage Board Pay System and the General Schedule) or from other wage determinations issued in the same locality. Basic to the establishment of any conformable wage rate(s) is the concept that a pay relationship should be maintained between job classifications based on the skill required and the duties performed.

(B) In the case of a contract modification, an exercise of an option or extension of an existing contract, or in any other case where a contractor succeeds a contract under which the classification in question was previously conformed pursuant to this section, a new conformed wage rate and fringe benefits may be assigned to such conformed classification by indexing (i.e., adjusting) the previous conformed rate and fringe benefits by an amount equal to the average (mean) percentage increase (or decrease, where appropriate) between the wages and fringe benefits specified for all classifications to be used on the contract which are listed in the current wage determination, and those specified for the corresponding classifications in the previously applicable wage determination. Where conforming actions are accomplished in accordance with this paragraph prior to the performance of contract work by the unlisted class of employees, the contractor shall advise the contracting officer of the action taken but the other procedures in paragraph (b)(2)(ii) of this section need not be followed.

(C) No employee engaged in performing work on this contract shall in any event be paid less than the currently applicable minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended.

(v) The wage rate and fringe benefits finally determined pursuant to paragraphs (b)(2) (i) and (ii) of this section shall be paid to all employees performing in the classification from the first day on which contract work is performed by them in the classification. Failure to pay such unlisted employees the compensation agreed upon by the interested parties and/or finally determined by the Wage and Hour Division retroactive to the date such class of employees commenced contract work shall be a violation of the Act and this contract.

(vi) Upon discovery of failure to comply with paragraphs (b)(2) (i) through (v) of this section, the Wage and Hour Division shall make a final determination of conformed classification, wage rate, and/or fringe benefits which shall be retroactive to the date such class of employees commenced contract work.

(3) If, as authorized pursuant to section 4(d) of the Service Contract Act of 1965 as amended, the term of this contract is more than 1 year, the minimum monetary wages and fringe benefits required to be paid or furnished thereunder to service employees shall be subject to adjustment after 1 year and not less often than once every 2 years, pursuant to wage determinations to be issued by the Wage and Hour Division, Employment Standards Administration of the Department of Labor as provided in such Act.

(c) The contractor or subcontractor may discharge the obligation to furnish fringe benefits specified in the attachment or determined conformably thereto by furnishing any equivalent combinations of bona fide fringe benefits, or by making equivalent or differential payments in cash in accordance with the applicable rules set forth in Subpart D of 29 CFR Part 4, and not otherwise.

(d)(1) In the absence of a minimum wage attachment for this contract, neither the contractor nor any subcontractor under this contract shall pay any person performing work under the contract (regardless of whether they are service employees) less than the minimum wage specified by section 6(a)(1) of the Fair Labor Standards Act of 1938. Nothing in this provision shall relieve the contractor or any subcontractor of any other obligation under law or contract for the payment of a higher wage to any employee.

(2) If this contract succeeds a contract, subject to the Service Contract Act of 1965 as amended, under which substantially the same services were furnished in the same locality and service employees were paid wages and fringe benefits provided for in a collective bargaining agreement, in the absence of the minimum wage attachment for this contract setting forth such collectively bargained wage rates and fringe benefits, neither the contractor nor any subcontractor under this contract shall pay any service employee performing any of the contract work (regardless of whether or not such employee was employed under the predecessor contract), less than the wages and fringe benefits provided for in such collective bargaining agreements, to which such employee would have been entitled if employed under the predecessor contract, including accrued wages and fringe benefits and any prospective increases in wages and fringe benefits provided for under such agreement. No contractor or subcontractor under this contract may be relieved of the foregoing obligation unless the limitations of § 4.1b(b) of 29 CFR Part 4 apply or unless the Secretary of Labor or his authorized representative finds, after a hearing as provided in § 4.10 of 29 CFR Part 4 that the wages and/or fringe benefits provided for in such agreement are substantially at variance with those which prevail for services of a character similar in the locality, or determines, as provided in § 4.11 of 29 CFR Part 4, that the collective bargaining agreement applicable to service employees employed under the predecessor contract was not entered into as a result of arm's-length negotiations. Where it is found in accordance with the review procedures provided in 29 CFR 4.10 and/or 4.11 and Parts 6 and 8 that some or all of the wages and/or fringe benefits contained in a predecessor contractor's collective bargaining agreement are substantially at variance with those which prevail for services of a character similar in the locality, and/or that the collective bargaining agreement applicable to service employees employed under the

predecessor contract was not entered into as a result of arm's-length negotiations, the Department will issue a new or revised wage determination setting forth the applicable wage rates and fringe benefits. Such determination shall be made part of the contract or subcontract, in accordance with the decision of the Administrator, the Administrative Law Judge, or the Board of Service Contract Appeals, as the case may be, irrespective of whether such issuance occurs prior to or after the award of a contract or subcontract. 53 Comp. Gen. 401 (1973). In the case of a wage determnation issued solely as a result of a finding of substantial variance, such determination shall be effective as of the date of the final administrative decision.

(e) The contractor and any subcontractor under this contract shall notify each service employee commencing work on this contract of the minimum monetary wage and any fringe benefits required to be paid pursuant to this contract, or shall post the wage determination attached to this contract. The poster provided by the Department of Labor (Publication WH 1313) shall be posted in a prominent and accessible place at the worksite. Failure to comply with this requirement is a violation of section 2(a)(4) of the Act and of this contract.

(f) The contractor or subcontractor shall not permit any part of the services called for by this contract to be performed in buildings or surroundings or under working conditions provided by or under the control or supervision of the contractor or subcontractor which are unsanitary or hazardous or dangerous to the health or safety of service employees engaged to furnish these services, and the contractor or subcontractor shall comply with the safety and health standards applied under 29 CFR Part 1925.

(g)(1) The contractor and each subcontractor performing work subject to the Act shall make and maintain for 3 years from the completion of the work records containing the information specified in paragraphs (g)(1) (i) through (vi) of this section for each employee subject to the Act and shall make them available for inspection and transcription by authorized representatives of the Wage and Hour Division, Employment Standards Administration of the U.S. Department of Labor:

(i) Name and address and social security number of each employee.

(ii) The correct work classification or classifications, rate or rates of monetary wages paid and fringe benefits provided, rate or rates of fringe benefit payments in lieu thereof, and total daily and weekly compensation of each employee.

(iii) The number of daily and weekly hours so worked by each employee.

(iv) Any deductions, rebates, or refunds from the total daily or weekly compensation of each employee.

(v) A list of monetary wages and fringe benefits for those classes of service employees not included in the wage determination attached to this contract but for which such wage rates or fringe benefits have been determined by the interested parties or by the Administrator or authorized representative pursuant to the labor standards clause in paragraph (b) of this section. A copy of the report required by the clause in paragraph (b)(2)(ii) of this section shall be deemed to be such a list.

(vi) Any list of the predecessor contractor's employees which had been furnished to the contractor pursuant to § 4.6(l)(2).

(2) The contractor shall also make available a copy of this contract for inspection or transcription by authorized representatives of the Wage and Hour Division.

(3) Failure to make and maintain or to make available such records for inspection and transcription shall be a violation of the regulations and this contract, and in the case of failure to produce such records, the contracting officer, upon direction of the Department of Labor and notification of the contractor, shall take action to cause suspension of any further payment or advance of funds until such violation ceases.

(4) The contractor shall permit authorized representatives of the Wage and Hour Division to conduct interviews with employees at the worksite during normal working hours.

(h) The contractor shall unconditionally pay to each employee subject to the Act all wages due free and clear and without subsequent deduction (except as otherwise provided by law or Regulations, 29 CFR Part 4), rebate, or kickback on any account. Such payments shall be made no later than one pay period following the end of the regular pay period in which such wages were earned or accrued. A pay period under this Act may not be of any duration longer than semimonthly.

(i) The contracting officer shall withhold or cause to be withheld from the Government prime contractor under this or any other Government contract with the prime contractor such sums as an appropriate official of the Department of Labor requests or such sums as the contracting officer decides may be necessary to pay underpaid employees employed by the contractor or subcontractor. In the event of failure to pay any employees subject to the Act all or part of the wages or fringe benefits due under the Act, the agency may, after authorization or by direction of the Department of Labor and written notification to the contractor, take action to cause suspension of any further payment or advance of funds until such violations have ceased. Additionally, any failure to comply with the requirements of these clauses relating to the Service Contract Act of 1965, may be grounds for termination of the right to proceed with the contract work. In such event, the Government may enter into other contracts or arrangements for completion of the work, charging the contractor in default with any additional cost.

(j) The contractor agrees to insert these clauses in this section relating to the Service Contract Act of 1965 in all subcontracts subject to the Act. The term "contractor" as used in these clauses in any subcontract, shall be deemed to refer to the subcontractor, except in the term "Government prime contractor."

(k)(1) As used in these clauses, the term "service employee" means any person engaged in the performance of this contract other than any person employed in a bona fide executive, administrative, or professional capacity, as those terms are defined in Part 541 of Title 29, Code of Federal Regulations, as of July 30, 1976, and any subsequent revision of those regulations. The term "service employee" includes all such persons regardless of any contractual relationship that may be alleged to exist between a contractor or subcontractor and such persons.

(2) The following statement is included in contracts pursuant to section 2(a)(5) of the Act and is for *informational purposes only:*

The following classes of service employees expected to be employed under the contract with the Government would be subject, if employed by the contracting agency, to the provisions of 5 U.S.C. 5341 or 5 U.S.C. 5332 and would, if so employed, be paid not less than the following rates of wages and fringe benefits:

Employee class	Monetary wage-fringe benefits

(l)(1) If wages to be paid or fringe benefits to be furnished any service employees employed by the Government prime contractor or any subcontractor under the contract are provided for in a collective bargaining agreement which is or will be effective during any period in which the contract is being performed, the Government prime contractor shall report such fact to the contracting officer, together with full information as to the application and accrual of such wages and fringe benefits, including any prospective increases, to service employees engaged in work on the contract, and a copy of the collective bargaining agreement. Such report shall be made upon commencing performance of the contract, in the case of collective bargaining agreements effective at such time, and in the case of such agreements or provisions or amendments thereof effective at a later time during the period of contract performance, such agreements shall be reported promptly after negotiation thereof.

(2) Not less than 10 days prior to completion of any contract being performed at a Federal facility where

service employees may be retained in the performance of the succeeding contract and subject to a wage determination which contains vacation or other benefit provisions based upon length of service with a contractor (predecessor) or successor (§ 4.173 of Regulations, 29 CFR Part 4), the incumbent prime contractor shall furnish to the contracting officer a certified list of the names of all service employees on the contractor's or subcontractor's payroll during the last month of contract performance. Such list shall also contain anniversary dates of employment on the contract either with the current or predecessor contractors of each such service employee. The contracting officer shall turn over such list to the successor contractor at the commencement of the succeeding contract.

(m) Rulings and interpretations of the Service Contract Act of 1965, as amended, are contained in Regulations, 29 CFR Part 4.

(n)(1) By entering into this contract, the contractor (and officials thereof) certifies that neither it (nor he or she) nor any person or firm who has a substantial interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of the sanctions imposed pursuant to section 5 of the Act.

(2) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract pursuant to section 5 of the Act.

(3) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

(o) Notwithstanding any of the clauses in paragraphs (b) through (m) of this section relating to the Service Contract Act of 1965, the following employees may be employed in accordance with the following variations, tolerances, and exemptions, which the Secretary of Labor, pursuant to section 4(b) of the Act prior to its amendment by Pub. L. 92-473, found to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business:

(1) Apprentices, student-learners, and workers whose earning capacity is impaired by age, physical, or mental deficiency or injury may be employed at wages lower than the minimum wages otherwise required by section 2(a)(1) or 2(b)(1) of the Service Contract Act without diminishing any fringe benefits or cash payments in lieu thereof required under section 2(a)(2) of that Act, in accordance with the conditions and procedures prescribed for the employment of apprentices, student-learners, handicapped persons, and handicapped clients of sheltered workshops under section 14 of the Fair Labor Standards Act of 1938, in the regulations issued by the Administrator (29 CFR Parts 520, 521, 524, and 525).

(2) The Administrator will issue certificates under the Service Contract Act for the employment of apprentices, student-learners, handicapped persons, or handicapped clients of sheltered workshops not subject to the Fair Labor Standards Act of 1938, or subject to different minimum rates of pay under the two acts, authorizing appropriate rates of minimum wages (but without changing requirements concerning fringe benefits or supplementary cash payments in lieu thereof), applying procedures prescribed by the applicable regulations issued under the Fair Labor Standards Act of 1938 (29 CFR Parts 520, 521, 524, and 525).

(3) The Administrator will also withdraw, annul, or cancel such certificates in accordance with the regulations in Parts 525 and 528 of Title 29 of the Code of Federal Regulations.

(p) Apprentices will be permitted to work at less than the predetermined rate for the work they perform when they are employed and individually registered in a bona fide apprenticeship program registered with a State Apprenticeship Agency which is recognized by the U.S. Department of Labor, or if no such recognized agency exists in a State, under a program registered with the Bureau of Apprenticeship and Training, Employment and Training Administration, U.S. Department of Labor. Any employee who is not registered as an apprentice in an approved program shall be paid the wage rate and fringe benefits contained in the applicable wage determination for the journeyman classification of work actually performed. The wage rates paid apprentices shall not be less than the wage rate for their level of progress set forth in the registered program, expressed as the appropriate percentage of the journeyman's rate contained in the applicable wage determination. The allowable ratio of apprentices to journeymen employed on the contract work in any craft classification shall not be greater than the ratio permitted to the contractor as to his entire work force under the registered program.

(q) An employee engaged in an occupation in which he or she customarily and regularly receives more than $30 a month in tips may have the amount of tips credited by the employer against the minimum wage required by section 2(a)(1) or section 2(b)(1) of the Act in accordance with section 3(m) of the Fair Labor Standards Act and Regulations, 29 CFR Part 531: *Provided, however,* That the amount of such credit may not exceed $1.24 per hour beginning January 1, 1980, and $1.34 per hour after December 31, 1980. To utilize this proviso:

(1) The employer must inform tipped employees about this tip credit allowance before the credit is utilized;

(2) The employees must be allowed to retain all tips (individually or through a pooling arrangement and regardless of whether the employer elects to take a credit for tips received);

(3) The employer must be able to show by records that the employee receives at least the applicable Service Contract Act minimum wage through the combination of direct wages and tip credit;

(4) The use of such tip credit must have been permitted under any predecessor collective bargaining agreement applicable by virtue of section 4(c) of the Act.

(r) *Disputes concerning labor standards.* Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 4, 6, and 8. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

(The information collection, recordkeeping, and reporting requirements contained in this section have been approved by the Office of Management and Budget under the following numbers:

Paragraph	OMB control number
(b)(2) (i)—(iv)	1215-0150
(e)	1215-0150
(g)(1) (i)—(iv)	1215-0017
(g)(1) (v), (vi)	1215-0150
(l) (1), (2)	1215-0150
(q)(3)	1215-0017

[48 FR 49762, Oct. 27, 1983; 48 FR 50529, Nov. 2, 1983]

§ 4.7 Labor standards clause for Federal service contracts not exceeding $2,500.

Every contract with the Federal Government which is not in excess of $2,500 but has as its principal purpose the furnishing of services through the use of service employees shall contain the following clause:

Service Contract Act. Except to the extent that an exemption, variation or tolerance would apply if this were a contract in excess of $2,500, the contractor and any subcontractor hereunder shall pay all of his employees engaged in performing work on the contract not less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended. Regulations and interpretations of the Service Contract Act of 1965, as amended, are contained in 29 CFR Part 4.

§ 4.8 Notice of awards.

Whenever an agency of the United States or the District of Columbia awards a contract subject to the Act which may be in excess of $10,000 and such agency does not submit Standard Form 279, FPDS Individual Contract Action Report, or its equivalent, to the Federal Procurement Data System, it shall furnish the Wage and Hour Division, ESA, an original and one copy of Standard Form 99, Notice of Award of Contract, unless it makes other arrangements with the Wage and Hour Division for notifying it of such contract awards. The form shall be completed as follows:

(a) Items 1 through 7 and 12 and 13: Self-explanatory;

(b) Item 8: Enter the notation "Service Contract Act;"

(c) Item 9: Leave blank;

(d) Item 10: (1) Enter the notation "Major Category," and indicate beside this entry the general service area into which the contract falls (e.g., food services, grounds maintenance, computer services, installation or facility support services, custodial-janitorial service, garbage collection, insect and rodent control, laundry and drycleaning services, etc.);

(e) Item 11: Enter the dollar amount of the contract, or the estimated dollar value with the notation "estimated" (if the exact amount is not known). If neither the exact nor the estimated dollar value is known, enter "indefinite," or "not to exceed $——." Supplies of Standard Form 99 are available in all GSA supply depots under stock number 7540-634-4049.

§ 4.9 [Reserved]

§ 4.10 Substantial variance proceedings under section 4(c) of the Act.

(a) *Statutory provision.* Under section 4(c) of the Act, and under corresponding wage determinations made as provided in section 2(a) (1) and (2) of the Act, contractors and subcontractors performing contracts subject to the Act generally are obliged to pay to service employees employed on the contract work wages and fringe benefits not less than those to which they would have been entitled under a collective bargaining agreement if they were employed on like work under a predecessor contract in the same locality. (See §§ 4.1b, 4.3, 4.6(d)(2).) Section 4(c) of the Act provides, however, that "such obligations shall not apply if the Secretary finds after a hearing in accordance with regulations adopted by the Secretary that such wages and fringe benefits are substantially at variance with those which prevail for services of a character similar in the locality".

(b) *Prerequisites for hearing.* (1)(i) A request for a hearing under this section may be made by the contracting agency or other person affected or interested, including contractors or prospective contractors and associations of contractors, representatives of employees, and other interested Governmental agencies. Such a request shall be submitted in writing to the Administrator, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210, and shall include the following:

(A) The number of any wage determination at issue, the name of the contracting agency whose contract is involved, and a brief description of the services to be performed under the contract;

(B) A statement regarding the status of the procurement and any estimated procurement dates, such as bid opening, contract award, commencement date of the contract or its follow-up option period;

(C) A statement of the applicant's case, setting forth in detail the reasons why the applicant believes that a substantial variance exists with respect to some or all of the wages and/or fringe benefits, attaching available data concerning wages and/or fringe benefits prevailing in the locality;

(D) Names and addresses (to the extent known) of interested parties.

(ii) If the information in paragraph (b)(1)(i) of this section is not submitted with the request, the Administrator may deny the request or request supplementary information, at his/her discretion. No particular form is prescribed for submission of a request under this section.

(2) The Administrator will respond to the party requesting a hearing within 30 days after receipt, granting or denying the request or advising that additional time is necessary for a decision. No hearing will be provided pursuant to this section and section 4(c) of the Act unless the Administrator determines from information available or submitted with a request for such a hearing that there may be a substantial variance between some or all of the wage rates and/or fringe benefits provided for in a collective

bargaining agreement to which the service employees would otherwise be entitled by virtue of the provisions of section 4(c) of the Act, and those which prevail for services of a character similar in the locality.

(3) Pursuant to section 4(b) of the Act, requests for a hearing shall not be considered unless received as specified below, except in those situations where the Administrator determines that extraordinary circumstances exist:

(i) For advertised contracts, prior to ten days before the award of the contract;

(ii) For negotiated contracts and for contracts with provisions extending the initial term by option, prior to the commencement date of the contract or the follow-up option period, as the case may be.

(c) *Referral to the Chief Administrative Law Judge.* When the Administrator determines from the information available or submitted with a request for a hearing that there may be a substantial variance, the Administrator on his/her own motion or on application of any interested person will by order refer the issue to the Chief Administrative Law Judge, for designation of an Administrative Law Judge who shall conduct such a fact finding hearing as may be necessary to render a decision solely on the issue of whether the wages and/or fringe benefits contained in the collective bargaining agreement which was the basis for the wage determination at issue are substantially at variance with those which prevail for services of a character similar in the locality. However, in situations where there is also a question as to whether the collective bargaining agreement was reached as a result of "arm's-length negotiations" (see § 4.11), the referral shall include both issues for resolution in one proceeding. No authority is delegated under this section to hear and/or decide any other issues pertaining to the Service Contract Act. As provided in section 4(a) of the Act, the provisions of §§ 4 and 5 of the Walsh-Healey Public Contracts Act (41 U.S.C. 38, 39) shall be applicable to such proceeding, which shall be conducted in accordance with the procedures set forth at 29 CFR Part 6.

(d) The Administrator shall be an interested party and shall have the opportunity to participate in the proceeding to the degree he/she considers appropriate.

§ 4.11 Arm's length proceedings.

(a) *Statutory provision.* Under section 4(c) of the Act, the wages and fringe benefits provided in the predecessor contractor's collective bargaining agreement must be reached "as a result of arm's-length negotiations." This provision precludes arrangements by parties to a collective bargaining agreement who, either separately or together, act with an intent to take advantage of the wage determination scheme provided for in sections 2(a) and 4(c) of the Act. See *Trinity Services, Inc.* v. *Marshall,* 593 F.2d 1250 (D.C. Cir. 1978). A finding as to whether a collective bargaining agreement or particular wages and fringe benefits therein are reached as a result of arm's-length negotiations may be made through investigation, hearing or otherwise pursuant to the Secretary's authority under section 4(a) of the Act.

(b) *Prerequisites for hearing.* (1) A request for a determination under this section may be made by a contracting agency or other person affected or interested, including contractors or prospective contractors and associations of contractors, representatives of employees, and interested Governmental agencies. Such a request shall be submitted in writing to the Administrator, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210. Although no particular form is prescribed for submission of a request under this section, such request shall include the following information:

(i) A statement of the applicant's case setting forth in detail the reasons why the applicant believes that the wages and fringe benefits contained in the collective bargaining agreement were not reached as a result of arm's-length negotiations;

(ii) A statement regarding the status of the procurement and any estimated

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procurement dates, such as bid opening, contract award, commencement date of the contract or its follow-up option period;

(iii) Names and addresses (to the extent known) of interested parties.

(2) Pursuant to section 4(b) of the Act, requests for a hearing shall not be considered unless received as specified below except in those situations where the Administrator determines that extraordinary circumstances exist:

(i) For advertised contracts, prior to ten days before the award of the contract;

(ii) For negotiated contracts and for contracts with provisions extending the term by option, prior to the commencement date of the contract or the follow-up option period, as the case may be.

(c)(1) The Administrator, on his/her own motion or after receipt of a request for a determination, may make a finding on the issue of arm's-length negotiations.

(2) If the Administrator determines that there may not have been arm's-length negotiations, but finds that there is insufficient evidence to render a final decision thereon, the Administrator may refer the issue to the Chief Administrative Law Judge in accordance with paragraph (d) of this section.

(3)(i) If the Administrator finds that the collective bargaining agreement or wages and fringe benefits at issue were reached as a result of arm's-length negotiations or that arm's-length negotiations did not take place, the interested parties, including the parties to the collective bargaining agreement, will be notified of the Administrator's findings, which shall include the reasons therefor, and such parties shall be afforded an opportunity to request that a hearing be held to render a decision on the issue of arm's-length negotiations.

(ii) Such parties shall have 20 days from the date of the Administrator's ruling to request a hearing. A detailed statement of the reasons why the Administrator's ruling is in error, including facts alleged to be in dispute, if any, shall be submitted with the request for a hearing.

(iii) If no hearing is requested within the time mentioned in paragraph (c)(3)(ii) of this section above, the Administrator's ruling shall be final, and, in the case of a finding that arm's-length negotiations did not take place, a new wage determination will be issued for the contract. If a hearing is requested, the decision of the Administrator shall be inoperative.

(d) *Referral to the Chief Administrative Law Judge.* The Administrator on his/her own motion, under paragraph (c)(2) of this section or upon a request for a hearing under paragraph (c)(3)(ii) of this section where the Administrator determines that material facts are in dispute, shall by order refer the issue to the Chief Administrative Law Judge for designation of an Administrative Law Judge, who shall conduct such hearings as may be necessary to render a decision solely on the issue of arm's-length negotiations. However, in situations where there is also a question as to whether some or all of the collectively bargained wage rates and/or fringe benefits are substantially at variance (see § 4.10), the referral shall include both issues for resolution in one proceeding. As provided in section 4(a) of the Act, the provisions of sections 4 and 5 of the Walsh-Healey Public Contracts Act (41 U.S.C. 38, 39) shall be applicable to such proceeding, which shall be conducted in accordance with the procedures set forth at 29 CFR Part 6.

(e) *Referral to the Board of Service Contract Appeals.* When a party requests a hearing under paragraph (c)(3)(ii) of this section and the Administrator determines that no material facts are in dispute, the Administrator shall refer the issue and the record compiled thereon to the Board of Service Contract Appeals to render a decision solely on the issue of arm's-length negotiations. Such proceeding shall be conducted in accordance with the procedures set forth at 29 CFR Part 8.

§ 4.12 Substantial interest proceedings.

(a) *Statutory provision.* Under Section 5(a) of the Act, no contract of the United States (or the District of Columbia) shall be awarded to the persons or firms appearing on the list distributed by the Comptroller General giving the names of persons or firms who have been found to have violated the Act until 3 years have elapsed from the date of publication of the list. Section 5(a) further states that "no contract of the United States shall be awarded * * * to any firm, corporation, partnership, or association in which such persons or firms have a substantial interest * * *." A finding as to whether persons or firms whose names appear on the debarred bidders list have a substantial interest in any other firm, corporation, partnership, or association may be made through investigation, hearing, or otherwise pursuant to the Secretary's authority under Section 4(a) of the Act.

(b) *Ineligibility.* See § 4.188 of this part for the Secretary's rulings and interpretations with respect to substantial interest.

(c)(1) A request for a determination under this section may be made by any interested party, including contractors or prospective contractors, and associations of contractors, representatives of employees, and interested Government agencies. Such a request shall be submitted in writing to the Administrator, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210.

(2) The request shall include a statement setting forth in detail why the petitioner believes that a person or firm whose name appears on the debarred bidders list has a substantial interest in any firm, corporation, partnership, or association which is seeking or has been awarded a contract of the United States or the District of Columbia. No particular form is prescribed for the submission of a request under this section.

(d)(1) The Administrator, on his/her own motion or after receipt of a request for a determination, may make a finding on the issue of substantial interest.

(2) If the Administrator determines that there may be a substantial interest, but finds that there is insufficient evidence to render a final ruling thereon, the Administrator may refer the issue to the Chief Administrative Law Judge in accordance with paragraph (e) of this section.

(3) If the Administrator finds that no substantial interest exists, or that there is not sufficient information to warrant the initiation of an investigation, the requesting party, if any, will be so notified and no further action taken.

(4)(i) If the Administrator finds that a substantial interest exists, the person or firm affected will be notified of the Administrator's finding, which shall include the reasons therefor, and such person or firm shall be afforded an opportunity to request that a hearing be held to render a decision on the issue of substantial interest.

(ii) Such person or firm shall have 20 days from the date of the Administrator's ruling to request a hearing. A detailed statement of the reasons why the Administrator's ruling is in error, including facts alleged to be in dispute, if any, shall be submitted with the request for a hearing.

(iii) If no hearing is requested within the time mentioned in paragraph (d)(4)(ii) of this section, the Administrator's finding shall be final and the Administrator shall so notify the Comptroller General. If a hearing is requested, the decision of the Administrator shall be inoperative unless and until the Administrative Law Judge or the Board of Service Contract Appeals issues an order that there is a substantial interest.

(e) *Referral to the Chief Administrative Law Judge.* The Administrator on his/her own motion, or upon a request for a hearing where the Administrator determines that relevant facts are in dispute, shall by order refer the issue to the Chief Administrative Law Judge, for designation of an Administrative Law Judge who shall conduct such hearings as may be necessary to render a decision solely on the issue of substantial interest. As provided in Section 4(a) of the Act, the provisions of Sections 4 and 5 of the Walsh-Healey Public Contracts Act (41 U.S.C. 38, 39) shall be applicable to such proceedings, which shall be conducted in accordance with the procedures set forth at 29 CFR Part 6.

(f) *Referral to the Board of Service Contract Appeals.* When the person or firm requests a hearing and the Administrator determines that relevant facts are not in dispute, the Administrator will refer the issue and the record compiled thereon to the Board of Service Contract Appeals to render a decision solely on the issue of substantial interest. Such proceeding shall be conducted in accordance with the procedures set forth at 29 CFR Part 8.

Subpart B—Wage Determination Procedures

§ 4.50 Types of wage and fringe benefit determinations.

The Administrator specifies the minimum monetary wages and fringe benefits to be paid as required under the Act in two types of determinations:

(a) *Prevailing in the locality.* Determinations that set forth minimum monetary wages and fringe benefits determined to be prevailing for various classes of service employees in the locality (sections 2(a)(1) and 2(a)(2) of the Act) after giving "due consideration" to the rates applicable to such service employees if directly hired by the Federal Government (section 2(a)(5) of the Act); and

(b) *Collective Bargaining Agreement—(Successorship).* Determinations that set forth the wage rates and fringe benefits, including accrued and prospective increases, contained in a collective bargaining agreement applicable to the service employees who performed on a predecessor contract in the same locality (sections 4(c) and 2(a) (1) and (2) of the Act).

§ 4.51 Prevailing in the locality determinations.

(a) *Information considered.* The minimum monetary wages and fringe benefits set forth in determinations of the Secretary are based on all available pertinent information as to wage rates and fringe benefits being paid at the time the determination is made. Such information is most frequently derived from area surveys made by the Bureau of Labor Statistics, U.S. Department of Labor, or other Labor Department personnel. Information may also be obtained from Government contracting officers and from other available sources, including employees and their representatives and employers and their associations. The determinations may be based on the wage rates and fringe benefits contained in collective bargaining agreements where they have been determined to prevail in a locality for specified occupational class(es) of employees.

(b) *Determination of prevailing rates.* Where a single rate is paid to a majority (50 percent or more) of the workers in a class of service employees engaged in similar work in a particular locality, that rate is determined to prevail. The wage rates and fringe benefits in a collective bargaining agreement covering 2,001 janitors in a locality, for example, prevail if it is determined that no more than 4,000 workers are engaged in such janitorial work in that locality. In the case of information developed from surveys, statistical measurements of central tendency such as a median (a point in a distribution of wage rates where 50 percent of the surveyed workers receive that or a higher rate and an equal number receive a lesser rate) or the mean (average) are considered reliable indicators of the prevailing rate. Which of these statistical measurements will be applied in a given case will be determined after a careful analysis of the overall survey, separate classification data, patterns existing between survey periods, and the way the separate classification data interrelate. Use of the median is the general rule. However, the mean (average) rate may be used in situations where, after analysis, it is determined that the median is not a reliable indicator. Examples where the mean may be used include situations where:

(1) The number of workers studied for the job classification constitutes a relatively small sample and the computed median results in an actual rate that is paid to few of the studied workers in the class;

(2) Statistical deviation such as a skewed (bimodal or multimodal) frequency distribution biases the median rate due to large concentrations of workers toward either end of the distribution curve and the computed median results in an actual rate that is

paid to few of the studied workers in the class; or

(3) The computed median rate distorts historic wage relationships between job levels within a classification family (i.e., Electronic Technician Classes A, B, and C levels within the Electronic technician classification family), between classifications of different skill levels (i.e., a maintenance electrician as compared with a maintenance carpenter), or, for example, yields a wage movement inconsistent with the pattern shown by the survey overall or with related and/or similarly skilled job classifications.

(c) *Slotting wage rates.* In some instances, a wage survey for a particular locality may result in insufficient data for one or more job classifications that are required in the performance of a contract. Establishment of a prevailing wage rate for certain such classifications may be accomplished through a "slotting" procedure, such as that used under the Federal pay system. Under this procedure, wage rates are derived for a classification based on a comparison of equivalent or similar job duty and skill characteristics between the classifications studied and those for which no survey data is available. As an example, a wage rate found prevailing for the janitorial classification may be adopted for the classification of mess attendant if the skill and duties attributed to each classification are known to be rated similarly under pay classification schemes. (Both classifications are assigned the same wage grade under the Coordinated Federal Wage System and are paid at the Wage Board grade 2 when hired directly by a Federal agency.)

(d) *Due consideration.* In making wage and fringe benefit determinations, section 2(a)(5) of the Act requires that due consideration be given to the rates that would be paid by the Federal agency to the various classes of service employees if § 5341 or § 5332 of Title 5, United States Code, were applicable to them. Section 5341 refers to the Wage Board or Coordinated Federal Wage System for "blue collar" workers and § 5332 refers to the General Schedule pay system for "white collar" workers. The term "due consideration" implies the exercise of discretion on the basis of the facts and circumstances surrounding each determination, recognizing the legislative objective of narrowing the gap between the wage rates and fringe benefits prevailing for service employees and those established for Federal employees. Each wage determination is based on a survey or other information on the wage rates and fringe benefits being paid in a particular locality and also takes into account those wage rates and fringe benefits which would be paid under Federal pay systems.

§ 4.52 Collective bargaining agreement (successorship) determinations.

Determinations based on the collective bargaining agreement of a predecessor contractor set forth by job classification each provision relating to wages (such as the established straight time hourly or salary rate, cost-of-living allowance, and any shift, hazardous, and other similar pay differentials) and to fringe benefits (such as holiday pay, vacation pay, sick leave pay, life, accidental death, disability, medical, and dental insurance plans, retirement or pension plans, severance pay, supplemental unemployment benefits, saving and thrift plans, stock-option plans, funeral leave, jury/witness leave, or military leave) contained in the predecessor's collective bargaining agreement, as well as conditions governing the payment of such wages and fringe benefits. Accrued wages and fringe benefits and prospective increases therein are also included. Each wage determination is limited in application to a specific contract succeeding a contract which had been performed in the same locality by a contractor with a collective bargaining agreement, and contains a notice to prospective bidders regarding their obligations under section 4(c) of the Act.

§ 4.53 Locality basis of wage and fringe benefit determinations.

(a) Under section 2(a) of the Act, the Secretary or his authorized representative is given the authority to determine the minimum monetary wages and fringe benefits prevailing for various classes of service employees "in the locality". Although the term "locality" has reference to a geographic area, it has an elastic and variable meaning and contemplates consideration of the existing wage structures which are pertinent to the employment of particular classes of service employees on the varied kinds of service contracts. Because wage structures are extremely varied, there can be no precise single formula which would define the geographic limits of a "locality" that would be relevant or appropriate for the determination of prevailing wage rates and prevailing fringe benefits in all situations under the Act. The locality within which a wage or fringe benefit determination is applicable is, therefore, defined in each such determination upon the basis of all the facts and circumstances pertaining to that determination. Locality is ordinarily limited geographically to a particular county or cluster of counties comprising a metropolitan area. For example, a survey by the Bureau of Labor Statistics of the Baltimore, Maryland Standard Metropolitan Statistical Area includes the counties of Baltimore, Harford, Howard, Anne Arundel, and the City of Baltimore. A wage determination based on such information would define locality as the same geographic area included within the scope of the survey. Locality may also be defined as, for example, a city, a State, or, under rare circumstances, a region, depending on the actual place or places of contract performance, the geographical scope of the data on which the determination was based, the nature of the services being contracted for, and the procurement method used. In addition, in *Southern Packaging & Storage Co.* v. *United States*, 618 F.2d 1088 (4th Cir. 1980), the court held that a nationwide wage determination normally is not permissible under the Act, but postulated that "there may be the rare and unforeseen service contract which might be performed at locations throughout the country and which would generate truly nationwide competition".

(b) Where the services are to be performed for a Federal agency at the site of the successful bidder, in contrast to services to be performed at a specific Federal facility or installation, or in the locality of such installation, the location where the work will be performed often cannot be ascertained at the time of bid advertisement or solicitation. In such instances, wage determinations will generally be issued for the various localities identified by the agency as set forth in § 4.4(a)(2)(i).

(c) Where the wage rates and fringe benefits contained in a collective bargaining agreement applicable to the predecessor contract are set forth in a determination, locality in such a determination is typically described as the geographic area in which the predecessor contract was performed. The determination applies to any successor contractor which performs the contract in the same locality. However, see § 4.163(i).

§ 4.54 Issuance and revision of wage determinations.

(a) Section 4.4 of Subpart A requires that the awarding agency file a notice of intention to make a service contract which is subject to the Act with the Wage and Hour Division, Employment Standards Administration, prior to any invitation for bids or the commencement of negotiations for any contract exceeding $2,500. Upon receipt of the notice, the Wage and Hour Division may issue a new determination of minimum monetary wages and fringe benefits for the classes of service employees who will perform work on the contract or may revise a determination which is currently in effect.

(b) Determinations will be reviewed periodically and where prevailing wage rates or fringe benefits have changed, such changes will be reflected in revised determinations. For example, in a locality where it is determined that the wage rate which prevails for a particular class of service employees is the rate specified in a collective bargaining agreement(s) applicable in that locality, and such agreement(s) specifies increases in such rates to be effective on specific dates, the determinations would be revised to reflect such changes as they become effective. Revised determinations shall be applicable to contracts in accordance with the provisions of § 4.5(a)(2) of Subpart A.

(c) Determinations issued by the Wage and Hour Division with respect to particular contracts are required to be incorporated in the invitations for bids or requests for proposals or quotations issued by the contracting agencies, and are to be incorporated in the contract specifications in accordance with § 4.5 of Subpart A. In this manner, prospective contractors and subcontractors are advised of the minimum monetary wages and fringe benefits required under the most recently applicable determination to be paid the service employees who perform the contract work. These requirements are, of course, the same for all bidders so none will be placed at a competitive disadvantage.

§ 4.55 Review and reconsideration of wage determinations.

(a) *Review by the Administrator.* (1) Any interested party affected by a wage determination issued under section 2(a) of the Act may request review and reconsideration by the Administrator. A request for review and reconsideration may be made by the contracting agency or other interested party, including contractors or prospective contractors and associations of contractors, representatives of employees, and other interested Governmental agencies. Any such request must be accompanied by supporting evidence. In no event shall the Administrator review a wage determination or its applicability after the opening of bids in the case of a competitively advertised procurement, or, later than 10 days before commencement of a contract in the case of a negotiated procurement, exercise of a contract option or extension. This limitation is necessary in order to ensure competitive equality and an orderly procurement process.

(2) The Administrator shall, upon receipt of a request for reconsideration, review the data sources relied upon as a basis for the wage determination, the evidence furnished by the party requesting review or reconsideration, and, if necessary to resolve the matter, any additional information found to be relevant to determining prevailing wage rates and fringe benefits in a particular locality. The Administrator, pursuant to a review of available information, may issue a new wage determination, may cause the wage determination to be revised, or may affirm the wage determination issued, and will notify the requesting party in writing of the action taken. The Administrator will render a decision within 30 days of receipt of the request or will notify the requesting party in writing within 30 days of receipt that additional time is necessary.

(b) *Review by the Board of Service Contract Appeals.* Any decision of the Administrator under paragraph (a) of this section may be appealed to the Board of Service Contract Appeals within 20 days of issuance of the Administrator's decision. Any such appeal shall be in accordance with the provisions of Part 8 of this title.

Subpart C—Application of the McNamara-O'Hara Service Contract Act

INTRODUCTORY

§ 4.101 Official rulings and interpretations in this subpart.

(a) The purpose of this subpart is to provide, pursuant to the authority cited in § 4.102, official rulings and interpretations with respect to the application of the McNamara-O'Hara Service Contract Act for the guidance of the agencies of the United States and the District of Columbia which may enter into and administer contracts subject to its provisions, the persons desiring to enter into such contracts with these agencies, and the contractors, subcontractors, and employees who perform work under such contracts.

(b) These rulings and interpretations are intended to indicate the construction of the law and regulations which the Department of Labor believes to be correct and which will be followed in the administration of the Act unless and until directed otherwise by Act of Congress or by authoritative ruling of the courts, or if it is concluded upon reexamination of an interpretation that it is incorrect. See for example, *Skidmore* v. *Swift & Co.*, 323 U.S. 134 (1944); *Roland Co.* v. *Walling*, 326 U.S. 657 (1946); *Endicott Johnson Corp.* v. *Perkins*, 317 U.S. 501, 507-509 (1943); *Perkins* v. *Lukens Steel Co.*, 310 U.S. 113, 128 (1940); *United States* v. *Western Pacific Railroad Co.*, 352 U.S. 59 (1956). The Department of Labor (and not the contracting agencies) has the primary and final authority and responsibility for administering and interpreting the Act, including making determinations of coverage. See *Woodside Village* v. *Secretary of Labor*, 611 F. 2d 312 (9th Cir. 1980); *Nello L. Teer Co.* v. *United States*, 348 F.2d 533, 539-540 (Ct. Cl. 1965), cert. denied, 383 U.S. 934; *North Georgia Building & Construction Trades Council* v. *U.S. Department of Transportation*, 399 F. Supp. 58, 63 (N.D. Ga. 1975) (Davis-Bacon Act); *Curtiss-Wright Corp.* v. *McLucas*, 364 F. Supp. 750, 769-72 (D.N.J. 1973); and 43 Atty. Gen. Ops. —— (March 9, 1979); 53 Comp. Gen. 647, 649-51 (1974); 57 Comp. Gen. 501, 506 (1978).

(c) Court decisions arising under the Act (as well as under related remedial labor standards laws such as the Walsh-Healey Public Contracts Act, the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Fair Labor Standards Act) which support policies and interpretations contained in this part are cited where it is believed that they may be helpful. On matters which have not been authoritatively determined by the courts, it is necessary for the Secretary of Labor and the Administrator to reach conclusions as to the meaning and the application of provisions of the law in order to carry out their responsibilities of administration and enforcement (*Skidmore* v. *Swift & Co.*, 323 U.S. 134 (1944)). In order that these positions may be made known to persons who may be affected by them, official interpretations and rulings are issued by the Administrator with the advice of the Solicitor of Labor, as authorized by the Secretary (Secretary's Order No. 16-75, Nov. 21, 1975, 40 FR 55913; Employment Standards Order No. 2-76, Feb. 23, 1976, 41 FR 9016). These interpretations are a proper exercise of the Secretary's authority. *Idaho Sheet Metal Works* v. *Wirtz*, 383 U.S. 190, 208 (1966), reh. den. 383 U.S. 963 (1966). References to pertinent legislative history, decisions of the Comptroller General and of the Attorney General, and Administrative Law Judges' decisions are also made in this part where it appears they will contribute to a better understanding of the stated interpretations and policies.

(d) The interpretations of the law contained in this part are official interpretations which may be relied upon. The Supreme Court has recognized that such interpretations of the Act "provide a practical guide to employers and employees as to how the office representing the public interest in its enforcement will seek to apply it" and "constitute a body of experience and informed judgment to which courts and litigants may properly resort for guidance" (*Skidmore* v. *Swift & Co.*, 323 U.S. 134 (1944)). Interpretations of the agency charged with administering an Act are generally afforded deference by the courts. (*Griggs* v. *Duke Power Co.*, 401 U.S. 424, 433-34 (1971); *Udall* v. *Tallman*, 380 U.S. 1 (1965).) Some of the interpretations in this part relating to the application of the Act are interpretations of provisions which appeared in the original Act before its amendments in 1972 and 1976. Accordingly, the Department of Labor considers these interpretations to be correct, since there were no amendments of the statutory provisions which they interpret. (*United States* v. *Davison Fuel & Dock Co.*, 371 F.2d 705, 711-12 (C.A. 4, 1967).)

(e) The interpretations contained herein shall be in effect until they are modified, rescinded, or withdrawn. This part supersedes and replaces certain interpretations previously published in the FEDERAL REGISTER and Code of Federal Regulations as Part 4 of this chapter. Prior opinions, rulings, and interpretations and prior enforcement policies which are not inconsistent with the interpretations in this part or with the Act as amended are continued in effect; all other opinions, rulings, interpretations, and enforcement policies on the subjects discussed in the interpretations in this part, to the extent they are inconsistent with the rules herein stated, are superseded, rescinded, and withdrawn.

(f) Principles governing the application of the Act as set forth in this subpart are clarified or amplified in particular instances by illustrations and examples based on specific fact situations. Since such illustrations and examples cannot and are not intended to be exhaustive, or to provide guidance on every problem which may arise under the Act, no inference should be drawn from the fact that a subject or illustration is omitted.

(g) It should not be assumed that the lack of discussion of a particular subject in this subpart indicates the adoption of any particular position by the Department of Labor with respect to such matter or to constitute an interpretation, practice, or enforcement policy. If doubt arises or a question exists, inquiries with respect to matters other than safety and health standards should be directed to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210, or to any regional office of the Wage and Hour Division. Safety and health inquiries should be addressed to the Assistant Secretary for Occupational Safety and Health, U.S. Department of Labor, Washington, D.C. 20210, or to any OSHA regional office. A full description of the facts and any relevant documents should be submitted if an official ruling is desired.

§ 4.102 Administration of the Act.

As provided by section 4 of the Act and under provisions of sections 4 and 5 of the Walsh-Healey Public Contracts Act (49 Stat. 2036, 41 U.S.C. 38, 39), which are made expressly applicable for the purpose, the Secretary of Labor is authorized and directed to administer and enforce the provisions of the McNamara-O'Hara Service Contract Act, to make rules and regulations, issue orders, make decisions, and take other appropriate action under the Act. The Secretary is also authorized to make reasonable limitations and to make rules and regulations allowing reasonable variations, tolerances, and exemptions to and from provisions of the Act (except section 10), but only in special circumstances where it is determined that such action is necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business and is in accord with the remedial purposes of the Act to protect prevailing labor standards. The authority and enforcement powers of the Secretary under the Act are coextensive with the authority and powers under the Walsh-Healey Act. *Curtiss Wright Corp.* v. *McLucas* 364 F. Supp. 750, 769 (D NJ 1973).

§ 4.103 The Act.

The McNamara-O'Hara Service Contract Act of 1965 (Pub. L. 89-286, 79 Stat. 1034, 41 U.S.C. 351 et seq.), hereinafter referred to as the Act, was approved by the President on October 22, 1965 (1 Weekly Compilation of Presidential Documents 428). It establishes standards for minimum compensation and safety and health protection of employees performing work for contractors and subcontractors on service contracts entered into with the Federal Government and the District of Columbia. It applies to contracts entered into pursuant to negotiations concluded or invitations for bids issued on or after January 20, 1966. It has been amended by Pub. L. 92-473, 86 Stat. 798; by Pub. L. 93-57, 87 Stat. 140; and by Pub. L. 94-489, 90 Stat. 2358.

§ 4.104 What the Act provides, generally.

The provisions of the Act apply to contracts, whether negotiated or advertised, the principal purpose of which is to furnish services in the United States through the use of service employees. Under its provisions, every contract subject to the Act (and any bid specification therefor) entered into by the United States or the District of Columbia in excess of $2,500 must contain stipulations as set forth in § 4.6 of this Part requiring (a) that specified minimum monetary wages and fringe benefits determined by the Secretary of Labor (based on wage rates and fringe benefits prevailing in the locality or, in specified circumstances, the wage rates and fringe benefits contained in a collective bargaining agreement applicable to employees who performed on a predecessor contract) be paid to service employees employed by the contractor or any subcontractor in performing the services contracted for; (b) that working conditions of such employees which are under the control of the contractor or subcontractor meet safety and health standards; and (c) that notice be given to such employees of the compensation due them under the minimum wage and fringe benefits provisions of the contract. Contractors performing work subject to the Act thus enter into competition to obtain Government business on terms of which they are fairly forewarned by inclusion in the contract. (*Endicott Johnson Corp.* v. *Perkins,* 317 U.S. 501, 507 (1943).) The Act's purpose is to impose obligations upon those favored with Government business by precluding the use of the purchasing power of the Federal Government in the unfair depression of wages and standards of employment. (See H.R. Rep. No. 948, 89th Cong., 1st Sess. 2-3 (1965); S. Rep. No. 798, 89th Cong., 1st Sess. 3-4 (1965).) The Act does not permit the monetary wage rates specified in such a contract to be less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act, as amended (29 U.S.C. 206(a)(1)). In addition, it is a violation of the Act for any contractor or subcontractor under a Federal contract subject to the Act, regardless of the amount of the contract, to pay any of his employees engaged in performing work on the contract less than such Fair Labor Standards Act minimum wage. Contracts of $2,500 or less are not, however, required to contain the stipulations described above. These provisions of the Service Contract Act are implemented by the regulations contained in this Part 4 and are discussed in more detail in subsequent sections of Subparts C, D, and E.

§ 4.105 The Act as amended.

(a) The provisions of the Act (see §§ 4.102-4.103) were amended, effective October 9, 1972, by Pub. L. 92-473, signed into law by the President on that date. By virtue of amendments made to paragraphs (1) and (2) of section 2(a) and the addition to section 4 of a new subsection (c), the compensation standards of the Act (see §§ 4.159-4.179) were revised to impose on successor contractors certain requirements (see § 4.1b) with respect to payment of wage rates and fringe benefits based on those agreed upon for substantially the same services in the same locality in collective bargaining agreements entered into by their predecessor contractors (unless such agreed compensation is substantially at variance with that locally prevailing or the agreement was not negotiated at arm's length). The Secretary of Labor is to give effect to the provisions of such collective bargaining agreements in his wage determinations under section 2 of the Act. A new paragraph (5) added to section 2(a) of the Act requires a statement in the government service contract of the rates that would be paid by the contracting agency in the event of its direct employment of those classes of service employees to be employed on the contract work who, if directly employed by the agency, would receive wages determined as provided in 5 U.S.C. 5341. The Secretary of Labor is directed to give due consideration to such rates in determining prevailing monetary wages and fringe benefits under the Act's provisions. Other provisions of the 1972 amendments include the addition of a new section 10 to the Act to insure that wage determinations are issued by the Secretary for substantially all service contracts subject to section 2(a) of the Act at the earliest administratively feasible time; an amendment to section 4(b) of the Act to provide, in addition to the conditions previously specified for issuance of administrative limitations, variations, tolerances, and exemptions (see § 4.123), that administrative action in this regard shall be taken only in special circumstances where the Secretary determines that it is in accord with the remedial purpose of the Act to protect prevailing labor standards; and a new subsection (d) added to section 4 of the Act providing for the award of service contracts for terms not more than 5 years with provision for periodic adjustment of minimum wage rates and fringe benefits

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payable thereunder by the issuance of wage determinations by the Secretary of Labor during the term of the contract. A further amendment to section 5(a) of the Act requires the names of contractors found to have violated the Act to be submitted for the debarment list (see § 4.188) not later than 90 days after the hearing examiner's finding of violation unless the Secretary recommends relief, and provides that such recommendations shall be made only because of unusual circumstances.

(b) The provisions of the Act were amended by Pub. L. 93-57, 87 Stat. 140, effective July 6, 1973, to extend the Act's coverage to Canton Island.

(c) The provisions of the Act were amended by Pub. L. 94-489, 90 Stat. 2358, approved October 13, 1976, to extend the Act's coverage to white collar workers. Accordingly, the minimum wage protection of the Act now extends to all workers, both blue collar and white collar, other than persons employed in a bona fide executive, administrative, or professional capacity as those terms are used in the Fair Labor Standards Act and in Part 541 of Title 29. Pub. L. 94-489 accomplished this change by adding to section 2(a)(5) of the Act a reference to 5 U.S.C. 5332, which deals with white collar workers, and by amending the definition of service contract employee in section 8(b) of the Act.

(d) Included in this Part 4 and in Parts 6 and 8 of this subtitle are provisions to give effect to the amendments mentioned in this section.

§ 4.106 [Reserved]

AGENCIES WHOSE CONTRACTS MAY BE COVERED

§ 4.107 Federal contracts.

(a) Section 2(a) of the Act covers contracts (and any bid specification therefor) "entered into by the United States" and section 2(b) applies to contracts entered into "with the Federal Government." Within the meaning of these provisions, contracts entered into by the United States and contracts with the Federal Government include generally all contracts to which any agency or instrumentality of the U.S. Government becomes a party pursuant to authority derived from the Constitution and laws of the United States. The Act does not authorize any distinction in this respect between such agencies and instrumentalities on the basis of their inclusion in or independence from the executive, legislative, or judicial branches of the Government, the fact that they may be corporate in form, or the fact that payment for the contract services is not made from appropriated funds. Thus, contracts of wholly owned Government corporations, such as the Postal Service, and those of nonappropriated fund instrumentalities under the jurisdiction of the Armed Forces, or of other Federal agencies, such as Federal Reserve Banks, are included among those subject to the general coverage of the Act. (*Brinks, Inc.* v. *Board of Governors of the Federal Reserve System,* 466 F. Supp. 116 (D DC 1979); 43 Atty. Gen. Ops. —— (September 26, 1978).) Contracts with the Federal Government and contracts entered into "by the United States" within the meaning of the Act do not, however, include contracts for services entered into on their own behalf by agencies or instrumentalities of other Governments within the United States, such as those of the several States and their political subdivisions, or of Puerto Rico, the Virgin Islands, Guam, or American Samoa.

(b) Where a Federal agency exercises its contracting authority to procure services desired by the Government, the method of procurement utilized by the contracting agency is not controlling in determining coverage of the contract as one entered into by the United States. Such contracts may be entered into by the United States either through a direct award by a Federal agency or through the exercise by another agency (whether governmental or private) of authority granted to it to procure services for or on behalf of a Federal agency. Thus, sometimes authority to enter into service contracts of the character described in the Act for and on behalf of the Government and on a cost-reimbursable basis may be delegated, for the convenience of the contracting agency, to a prime contractor which has the responsibility for all work to be done in connection with the operation and management of a Federal plant, installation, facility, or program, together with the legal authority to act as agency for and on behalf of the Government and to obligate Government funds in the procurement of all services and supplies necessary to carry out the entire program of operation. The contracts entered into by such a prime contractor with secondary contractors for and on behalf of the Federal agency pursuant to such delegated authority, which have such services as their principal purpose, are deemed to be contracts entered into by the United States and contracts with the Federal Government within the meaning of the Act. However, service contracts entered into by State or local public bodies with purveyors of services are not deemed to be entered into by the United States merely because such services are paid for with funds of the public body which have been received from the Federal Government as a grant under a Federal program. For example, a contract entered into by a municipal housing authority for tree trimming, tree removal, and landscaping for an urban renewal project financed by Federal funds is not a contract entered into by the United States and is not covered by the Service Contract Act. Similarly, contracts let under the Medicaid program which are financed by federally-assisted grants to the States, and contracts which provide for insurance benefits to a third party under the Medicare program are not subject to the Act.

§ 4.108 District of Columbia contracts.

Section 2(a) of the Act covers contracts (and any bid specification therefor) in excess of $2,500 which are "entered into by the * * * District of Columbia." The contracts of all agencies and instrumentalities which procure contract services for or on behalf of the District or under the authority of the District Government are contracts entered into by the District of Columbia within the meaning of this provision. Such contracts are also considered contracts entered into with the Federal Government or the United States within the meaning of section 2(b), section 5, and the other provisions of the Act. The legislative history indicates no intent to distinguish District of Columbia contracts from the other contracts made subject to the Act, and traditionally, under other statutes, District Government contracts have been made subject to the same labor standards provisions as contracts of agencies and instrumentalities of the United States.

[48 FR 49762, Oct. 27, 1983; 48 FR 50529, Nov. 2, 1983]

§ 4.109 [Reserved]

COVERED CONTRACTS GENERALLY

§ 4.110 What contracts are covered.

The Act covers service contracts of the Federal agencies described in §§ 4.107–4.108. Except as otherwise specifically provided (see §§ 4.115 et seq.), all such contracts, the principal purpose of which is to furnish services in the United States through the use of service employees, are subject to its terms. This is true of contracts entered into by such agencies with States or their political subdivisions, as well as such contracts entered into with private employers. Contracts between a Federal or District of Columbia agency and another such agency are not within the purview of the Act; however, "subcontracts" awarded under "prime contracts" between the Small Business Administration and another Federal agency pursuant to various preferential set-aside programs, such as the 8(a) program, are covered by the Act. It makes no difference in the coverage of a contract whether the contract services are procured through negotiation or through advertising for bids. Also, the mere fact that an agreement is not reduced to writing does not mean that the contract is not within the coverage of the Act. The amount of the contract is not determinative of the Act's coverage, although the requirements are different for contracts in excess of $2,500 and for contracts of a lesser amount. The Act is applicable to the contract if the principal purpose of the contract is to furnish services, if such services are to be furnished in the United States, and if service employees will be used in providing such services. These elements of coverage will be discussed separately in the following sections.

§ 4.111 Contracts "to furnish services."

(a) *"Principal purpose" as criterion.* Under its terms, the Act applies to a "contract * * * the principal purpose of which is to furnish services * * *." If the principal purpose is to provide something other than services of the character contemplated by the Act and any such services which may be performed are only incidental to the performance of a contract for another purpose, the Act does not apply. However, as will be seen by examining the illustrative examples of covered contracts in §§ 4.130 et seq., no hard and fast rule can be laid down as to the precise meaning of the term "principal purpose". This remedial Act is intended to be applied to a wide variety of contracts, and the Act does not define or limit the types of services which may be contracted for under a contract the principal purpose of which is to furnish services. Further, the nomenclature, type, or particular form of contract used by procurement agencies is not determinative of coverage. Whether the principal purpose of a particular contract is the furnishing of services through the use of service employees is largely a question to be determined on the basis of all the facts in each particular case. Even where tangible items of substantial value are important elements of the subject matter of the contract, the facts may show that they are of secondary import to the furnishing of services in the particular case. This principle is illustrated by the examples set forth in § 4.131.

(b) *Determining whether a contract is for "services", generally.* Except indirectly through the definition of "service employee" the Act does not define, or limit, the types of "services" which may be contracted for under a contract "the principal purpose of which is to furnish services". As stated in the congressional committee reports on the legislation, the types of service contracts covered by its provisions are varied. Among the examples cited are contracts for laundry and dry cleaning, for transportation of the mail, for custodial, janitorial, or guard service, for packing and crating, for food service, and for miscellaneous housekeeping services. Covered contracts for services would also include those for other types of services which may be performed through the use of the various classes of service employees included in the definition in section 8(b) of the Act (see § 4.113). Examples of some such contracts are set forth in §§ 4.130 et seq. In determining questions of contract coverage, due regard must be given to the apparent legislative intent to include generally as contracts for "services" those contracts which have as their principal purpose the procurement of something other than the construction activity described in the Davis-Bacon Act or the materials, supplies, articles, and equipment described in the Walsh-Healey Act. The Committee reports in both the House and Senate, and statements made on the floor of the House, took note of the labor standards protections afforded by these two Acts to employees engaged in the performance of construction and supply contracts and observed: "The service contract is now the only remaining category of Federal contracts to which no labor standards protections apply" (H. Rept. 948, 89th Cong., 1st Sess., p. 1; see also S. Rept. 798, 89th Cong., 1st Sess., p. 1; daily Congressional Record, Sept. 20, 1965, p. 23497). A similar understanding of contracts principally for "services" as embracing contracts other than those for construction or supplies is reflected in the statement of President Johnson upon signing the Act (1 Weekly Compilation of Presidential Documents, p. 428).

§ 4.112 Contracts to furnish services "in the United States."

(a) The Act covers contract services furnished "in the United States," including any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Outer Continental Shelf lands as defined in the Outer Continental Shelf Lands Act, American Samoa, Guam, Wake Island, Eniwetok Atoll, Kwajalein Atoll and Johnston Island. The definition expressly excludes any other ter-

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ritory under the jurisdiction of the United States and any United States base or possession within a foreign country.

(b)(1) A service contract to be performed in its entirety outside the geographic limits of the United States as defined is not subject to the labor standards of the Act.

(2) In addition, a contract which is performed essentially outside the United States, with only an incidental portion performed within the United States as defined is not covered by the Act. For example, a contract for services to be performed on a vessel operating exclusively or nearly so in international or foreign waters outside the geographic areas named in section 8(d) would not be for services furnished "in the United States" within the meaning of the Act and would not be covered. However, if a significant or substantial portion of a service contract is performed within the statutory geographic limits, the Act applies, and the stipulations required by § 4.6 or § 4.7, as appropriate, must be included in the invitation for bids or negotiation documents and in the contract. In such a case, the labor standards must be observed with respect to that part of the contract services which is performed within these geographic limits, but the requirements of the Act and of the contract clauses will not be applicable to the services furnished outside the United States.

(3) In close cases involving a decision as to whether a significant portion of a contract will be performed within the United States as defined, the Department of Labor should be consulted, since such situations require consideration of other factors such as the nature of the contract work, the type of work performed in the United States and how necessary such work is to contract performance, and the amount of contract work performed or time spent in the United States vis-a-vis other contract work.

§ 4.113 Contracts to furnish services "through the use of service employees".

(a) *Use of "service employees" in a contract performance.* (1) As indicated in § 4.110, the Act covers service contracts only where "service employees" will be used in performing the services which it is the purpose of the contract to procure. A contract principally for services ordinarily will meet this condition if any of the services will be furnished through the use of any service employee or employees. Where it is contemplated that the services (of the kind performed by service employees) will be performed individually by the contractor, and the contracting officer knows when advertising for bids or concluding negotiations that service employees will in no event be used by the contractor in providing the contract services, the Act will not be deemed applicable to the contract and the contract clauses required by § 4.6 or § 4.7 may be omitted. The fact that the required services will be performed by municipal employees or employees of a State would not remove the contract from the purview of the Act, as this Act does not contain any exemption for contracts performed by such employees. Also, as discussed in paragraph (a)(3) of this section, where the services the Government wants under the contract are of a type that will require the use of service employees as defined in section 8(b) of the Act, the contract is not taken out of the purview of the Act by the fact that the manner in which the services of such employees are performed will be subject to the continuing overall supervision of bona fide executive, administrative, or professional personnel to whom the Act does not apply.

(2) The coverage of the Act does not extend to contracts for services to be performed exclusively by persons who are not service employees, i.e., persons who are bona fide executive, administrative or professional personnel as defined in Part 541 of this title (see paragraph (b) of this section). A contract for medical services furnished by professional personnel is an example of such a contract.

(3) In addition, the Department does not require application of the Act to any contract for services which is performed essentially by bona fide executive, administrative, or professional employees, with the use of service employees being only a minor factor in the performance of the contract. However, the Act would apply to a contract

for services which may involve the use of service employees to a significant or substantial extent even though there is some use of bona fide executive, administrative, or professional employees in the performance of the contract. For example, contracts for drafting or data processing services are often performed by drafters, computer operators, or other service employees and are subject to the Act even though the work of such employees may be performed under the direction and supervision of bona fide professional employees.

(4) In close cases involving a decision as to whether a contract will involve a significant use of service employees, the Department of Labor should be consulted, since such situations require consideration of other factors such as the nature of the contract work, the type of work performed by service employees, how necessary the work is to contract performance, the amount of contract work performed by service employees vis-a-vis professional employees, and the total number of service employees employed on the contract.

(b) *"Service employees" defined.* In determining whether or not any of the contract services will be performed by service employees, the definition of "service employee" in section 8(b) of the Act is controlling. It provides:

> The term "service employee" means any person engaged in the performance of a contract entered into by the United States and not exempted under section 7, whether negotiated or advertised, the principal purpose of which is to furnish services in the United States (other than any person employed in a bona fide executive, administrative, or professional capacity, as those terms are defined in Part 541 of Title 29, Code of Federal Regulations, as of July 30, 1976, and any subsequent revision of those regulations); and shall include all such persons regardless of any contractual relationship that may be alleged to exist between a contractor or subcontractor and such persons.

It will be noted that the definition expressly excludes those employees who are employed in a bona fide executive, administrative, or professional capacity as defined in Part 541 of this title and as discussed further in § 4.156. Some of the specific types of service employees who may be employed on service contracts are noted in other sections which discuss the application of the Act to employees.

[48 FR 49762, Oct. 27, 1983; 48 FR 50529, Nov. 2, 1983]

§ 4.114 Subcontracts.

(a) *"Contractor" as including "subcontractor."* Except where otherwise noted or where the term "Government prime contractor" is used, the term "contractor" as used in this Part 4 shall be deemed to include a subcontractor. The term "contractor" as used in the contract clauses required by Subpart A in any subcontract under a covered contract shall be deemed to refer to the subcontractor, or, if in a subcontract entered into by such a subcontractor, shall be deemed to refer to the lower level subcontractor. (See § 4.1a(f).)

(b) *Liability of Prime Contractor.* When a contractor undertakes a contract subject to the Act, the contractor agrees to assume the obligation that the Act's labor standards will be observed in furnishing the required services. This obligation may not be relieved by shifting all or part of the work to another, and the prime contractor is jointly and severally liable with any subcontractor for any underpayments on the part of a subcontractor which would constitute a violation of the prime contract. The prime contractor is required to include the prescribed contract clauses (§§ 4.6—4.7) and applicable wage determination in all subcontracts. The appropriate enforcement sanctions provided under the Act may be invoked against both the prime contractor and the subcontractor in the event of failure to comply with any of the Act's requirements where appropriate under the circumstances of the case.

SPECIFIC EXCLUSIONS

§ 4.115 Exemptions and exceptions, generally.

(a) The Act, in section 7, specifically excludes from its coverage certain contracts and work which might otherwise come within its terms as procurements the principal purpose of which is to furnish services through the use of service employees.

(b) The statutory exemptions in section 7 of the Act are as follows:

(1) Any contract of the United States or District of Columbia for construction, alteration, and/or repair, including painting and decorating of public buildings or public works;

(2) Any work required to be done in accordance with the provisions of the Walsh-Healey Public Contracts Act (49 Stat. 2036);

(3) Any contract for the carriage of freight or personnel by vessel, airplane, bus, truck, express, railway line, or oil or gas pipeline where published tariff rates are in effect;

(4) Any contract for the furnishing of services by radio, telephone, telegraph, or cable companies, subject to the Communications Act of 1934;

(5) Any contract for public utility services, including electric light and power, water, steam, and gas;

(6) Any employment contract providing for direct services to a Federal agency by an individual or individuals;

(7) Any contract with the Post Office Department, (now the U.S. Postal Service) the principal purpose of which is the operation of postal contract stations.

§ 4.116 Contracts for construction activity.

(a) *General scope of exemption.* The Act, in paragraph (1) of section 7, exempts from its provisions "any contract of the United States or District of Columbia for construction, alteration and/or repair, including painting and decorating of public buildings or public works." This language corresponds to the language used in the Davis-Bacon Act to describe its coverage (40 U.S.C. 276a). The legislative history of the McNamara-O'Hara Service Contract Act indicates that the purpose of the provision is to avoid overlapping coverage of the two acts by excluding from the application of the McNamara-O'Hara Act those contracts to which the Davis-Bacon Act is applicable and in the performance of which the labor standards of that Act are intended to govern the compensation payable to the employees of contractors and subcontractors on the work. (See H. Rept. 798, pp. 2, 5, and H. Rept. 948, pp. 1, 5, also Hearing, Special Subcommittee on Labor, House Committee on Education and Labor, p. 9 (89th Cong., 1st sess.).) The intent of section 7(1) is simply to exclude from the provisions of the Act those construction contracts which involve the employment of persons whose wage rates and fringe benefits are determinable under the Davis-Bacon Act.

(b) *Contracts not within exemption.* Section 7(1) does not exempt contracts which, for purposes of the Davis-Bacon Act, are not considered to be of the character described by the corresponding language in that Act, and to which the provisions of the Davis-Bacon Act are therefore not applied. Such contracts are accordingly subject to the McNamara-O'Hara Act where their principal purpose is to furnish services in the United States through the use of service employees. For example, a contract for clearing timber or brush from land or for the demolition or dismantling of buildings or other structures located thereon may be a contract for construction activity subject to the Davis-Bacon Act where it appears that the clearing of the site is to be followed by the construction of a public building or public work at the same location. If, however, no further construction activity at the site is contemplated the Davis-Bacon Act is considered inapplicable to such clearing, demolition, or dismantling work. In such event, the exemption in section 7(1) of the McNamara-O'Hara Act has no application and the contract may be subject to the Act in accordance with its general coverage provisions. It should be noted that the fact that a contract may be labeled as one for the sale and removal of property, such as salvage material, does not negate coverage under the Act even though title to the removable property passes to the contractor. While the value of the property being sold in relation to the services performed under the contract is a factor to be considered in determining coverage, where the facts show that the principal purpose of removal, dismantling, and demolition contracts is to furnish services through the use of service employees, these contracts are subject to the Act. (See also § 4.131.)

(c) *Partially exempt contracts.* (1) Instances may arise in which, for the convenience of the Government, instead of awarding separate contracts for construction work subject to the Davis-Bacon Act and for services of a different type to be performed by service employees, the contracting officer may include separate specifications for each type of work in a single contract calling for the performance of both types of work. For example, a contracting agency may invite bids for the installation of a plumbing system or for the installation of a security alarm system in a public building and for the maintenance of the system for one year. In such a case, if the contract is principally for services, the exemption provided by section 7(1) will be deemed applicable only to that portion of the contract which calls for construction activity subject to the Davis-Bacon Act. The contract documents are required to contain the clauses prescribed by § 4.6 for application to the contract obligation to furnish services through the use of service employees, and the provisions of the McNamara-O'Hara Act will apply to that portion of the contract.

(2) *Service or maintenance contracts involving construction work.* The provisions of both the Davis-Bacon Act and the Service Contract Act would generally apply to contracts involving construction and service work where such contracts are principally for services. The Davis-Bacon Act, and thus the exemption provided by section 7(1) of the Act, would be applicable to construction contract work in such hybrid contracts where:

(i) The contract contains specific requirements for substantial amounts of construction, reconstruction, alteration, or repair work (hereinafter referred to as construction) or it is ascertainable that a substantial amount of construction work will be necessary for the performance of the contract (the word "substantial" relates to the type and quantity of construction work to be performed and not merely to the total value of construction work (whether in absolute dollars or cost percentages) as compared to the total value of the contract); and

(ii) The construction work is physically or functionally separate from, and as a practical matter is capable of being performed on a segregated basis from, the other work called for by the contract.

[48 FR 49762, Oct. 27, 1983; 48 FR 50529, Nov. 2, 1983]

§ 4.117 Work subject to requirements of Walsh-Healey Act.

(a) The Act, in paragraph (2) of section 7, exempts from its provisions "any work required to be done in accordance with the provision of the Walsh-Healey Public Contracts Act" (49 Stat. 2036, 41 U.S.C. 35 *et seq.*). It will be noted that like the similar provision in the Contract Work Hours and Safety Standards Act (40 U.S.C. 329(b)), this is an exemption for "work", i.e., specifications or requirements, rather than for "contracts" subject to the Walsh-Healey Act. The purpose of the exemption was to eliminate possible overlapping of the differing labor standards of the two Acts, which otherwise might be applied to employees performing work on a contract covered by the Service Contract Act if such contract and their work under it should also be deemed to be covered by the Walsh-Healey Act. The Walsh-Healey Act applies to contracts in excess of $10,000 for the manufacture or furnishing of materials, supplies, articles or equipment. Thus, there is no overlap if the principal purpose of the contract is the manufacture or furnishing of such materials etc., rather than the furnishing of services of the character referred to in the Service Contract Act, for such a contract is not within the general coverage of the Service Contract Act. In such cases the exemption in section 7(2) is not pertinent. See, for example, the discussion in §§ 4.131 and 4.132.

(b) Further, contracts principally for remanufacturing of equipment which is so extensive as to be equivalent to manufacturing are subject to the Walsh-Healey Act. Remanufacturing shall be deemed to be manufacturing when the criteria in paragraph (b)(1) or (2) of this section are met.S8010

(1) Major overhaul of an item, piece of equipment, or materiel which is degraded or inoperable, and under which all of the following conditions exist:

(i) The item or equipment is required to be completely or substantially torn down into individual components parts; and

(ii) Substantially all of the parts are reworked, rehabilitated, altered and/or replaced; and

(iii) The parts are reassembled so as to furnish a totally rebuilt item or piece of equipment; and

(iv) Manufacturing processes similar to those which were used in the manufacturing of the item or piece of equipment are utilized; and

(v) The disassembled components, if usable (except for situations where the number of items or pieces of equipment involved are too few to make it practicable) are commingled with existing inventory and, as such, lose their identification with respect to a particular piece of equipment; and

(vi) The items or equipment overhauled are restored to original life expectancy, or nearly so; and

(vii) Such work is performed in a facility owned or operated by the contractor.

(2) Major modification of an item, piece of equipment, or materiel which is wholly or partially obsolete, and under which all of the following conditions exist:

(i) The item or equipment is required to be completely or substantially torn down; and

(ii) Outmoded parts are replaced; and

(iii) The item or equipment is rebuilt or reassembled; and

(iv) The contract work results in the furnishing of a substantially modified item in a usable and serviceable condition; and

(v) The work is performed in a facility owned or operated by the contractor.

(3) Remanufacturing does not include the repair of damaged or broken equipment which does not require a complete teardown, overhaul, and rebuild as described in paragraphs (b)(1) and (2) of this section, or the periodic and routine maintenance, preservation, care, adjustment, upkeep, or servicing of equipment to keep it in usable, serviceable, working order. Such contracts typically are billed on an hourly rate (labor plus materials and parts) basis. Any contract principally for the work described in this paragraph (b)(3) is subject to the Service Contract Act. Examples of such work include:

(i) Repair of an automobile, truck, or other vehicle, construction equipment, tractor, crane, aerospace, air conditioning and refrigeration equipment, electric motors, and ground powered industrial or vehicular equipment;

(ii) Repair of typewriters and other office equipment (see § 4.123(e));

(iii) Repair of appliances, radios television, calculators, and other electronic equipment;

(iv) Inspecting, testing, calibration, painting, packaging, lubrication, tune-up, or replacement of internal parts of equipment listed in paragraphs (b)(3) (i), (ii), and (iii) of this section; and

(v) Reupholstering, reconditioning, repair, and refinishing of furniture.

(4) Application of the Service Contract Act or the Walsh-Healey Act to any similar type of contract not decided above will be decided on a case-by-case basis by the Administrator.

§ 4.118 Contracts for carriage subject to published tariff rates.

The Act, in paragraph (3) of section 7, exempts from its provisions "any contract for the carriage of freight or personnel by vessel, airplane, bus, truck, express, railway line or oil or gas pipeline where published tariff rates are in effect". In order for this exemption to be applicable, the contract must be for such carriage by a common carrier described by the terms used. It does not, for example, apply to contracts for taxicab or ambulance service, because taxicab and ambulance companies are not among the common carriers specified by the statute. Also, a contract for transportation service does not come within this exemption unless the service contracted for is actually governed by published tariff rates in effect pursuant to State or Federal law for such carriage. The contracts excluded from the reach of the Act by this exemption are typically those where there is on file with the Interstate Commerce Commission or an appropriate State or local regulatory body a tariff rate applicable to the transportation involved, and the transportation contract between the Government and the carrier is evidenced by a Government bill of lading citing the published tariff rate. An administrative exemption has been provided for certain contracts where such carriage is subject to rates covered by section 10721 of the Interstate Commerce Act and is in accordance with applicable regulations governing such rates. See § 4.123(d). However, only contracts principally for the carriage of "freight or personnel" are exempt. Thus, the exemption cannot apply where the principal purpose of the contract is packing, crating, handling, loading, and/or storage of goods prior to or following line-haul transportation. The fact that substantial local drayage to and from the contractor's establishment (such as a warehouse) may be required in such contracts does not alter the fact that their principal purpose is other than the carriage of freight. Also, this exemption does not exclude any contracts for the transportation of mail from the application of the Act, because the term "freight" does not include the mail. (For an administrative exemption of certain contracts with common carriers for carriage of mail, see § 4.123(d).)

§ 4.119 Contracts for services of communications companies.

The Act, in paragraph (4) of section 7, exempts from its provisions "any contract for the furnishing of services by radio, telephone, telegraph, or cable companies, subject to the Communications Act of 1934." This exemption is applicable to contracts with such companies for communication services regulated under the Communications Act. It does not exempt from the Act any contracts with such companies to furnish any other kinds of services through the use of service employees.

§ 4.120 Contracts for public utility services.

The Act, in paragraph (5) of section 7, exempts from its provisions "any contract for public utility services, including electric light and power, water, steam, and gas." This exemption is applicable to contracts for such services with companies whose rates therefor are regulated under State, local, or Federal law governing operations of public utility enterprises. Contracts entered into with public utility companies to furnish services through the use of service employees, other than those subject to such rate regulation, are not exempt from the Act. Among the contracts included in the exemption would be those between Federal electric power marketing agencies and investor-owned electric utilities, Rural Electrification Administration cooperatives, municipalities and State agencies engaged in the transmission and sale of electric power and energy.

(See H. Rept. No. 948, 89th Cong., 1st sess., p. 4)

§ 4.121 Contracts for individual services.

The Act, in paragraph (6) of section 7, exempts from its provisions "any employment contract providing for direct services to a Federal agency by an individual or individuals." This exemption, which applies only to an "employment contract" for "direct services," makes it clear that the Act's application to Federal contracts for services is intended to be limited to service contracts entered into with independent contractors. If a contract to furnish services (to be performed by a service employee as defined in the Act) provides that they will be furnished directly to the Federal agency by the individual under conditions or circumstances which will make him an employee of the agency in providing the contract service, the exemption applies and the contract will not be subject to the Act's provisions. The exemption does not exclude from the Act any contract for services of the kind performed by service employees which is entered into with an independent contractor whose individual services will be used in performing the contract, but as noted earlier in

§ 4.113, such a contract would be outside the general coverage of the Act if only the contractor's individual services would be furnished and no service employee would in any event be used in its performance.

§ 4.122 Contracts for operation of postal contract stations.

The Act, in paragraph (7) of section 7, exempts from its provisions "any contract with the Post Office Department, [now the U.S. Postal Service], the principal purpose of which is the operation of postal contract stations." The exemption is limited to postal service contracts having the operation of such stations as their principal purpose. A provision of the legislation which would also have exempted contracts with the U.S. Postal Service having as their principal purpose the transportation, handling, or delivery of the mails was eliminated from the bill during its consideration by the House Committee on Education and Labor (H. Rept. 948, 89th Cong., 1st sess., p. 1).

§ 4.123 Administrative limitations, variances, tolerances, and exemptions.

(a) *Authority of the Secretary.* Section 4(b) of the Act as amended in 1972 authorizes the Secretary to "provide such reasonable limitations" and to "make such rules and regulations allowing reasonable variations, tolerances, and exemptions to and from any or all provisions of this Act (other than § 10), but only in special circumstances where he determines that such limitation, variation, tolerance, or exemption is necessary and proper in the public interest or to avoid the serious impairment of Government business, and is in accord with the remedial purpose of this Act to protect prevailing labor standards." This authority is similar to that vested in the Secretary under section 6 of the Walsh-Healey Public Contracts Act (41 U.S.C. 40) and under section 105 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 331).

(b) *Administrative action under section 4(b) of the Act.* The authority conferred on the Secretary by section 4(b) of the Act will be exercised with due regard to the remedial purpose of the statute to protect prevailing labor standards and to avoid the undercutting of such standards which could result from the award of Government work to contractors who will not observe such standards, and whose saving in labor cost therefrom enables them to offer a lower price to the Government than can be offered by the fair employers who maintain the prevailing standards. Administrative action consistent with this statutory purpose may be taken under section 4(b) with or without a request therefor, when found necessary and proper in accordance with the statutory standards. No formal procedures have been prescribed for requesting such action. However, a request for exemption from the Act's provisions will be granted only upon a strong and affirmative showing that it is necessary and proper in the public interest or to avoid serious impairment of Government business, and is in accord with the remedial purpose of the Act to protect prevailing labor standards. If the request for administrative action under section 4(b) is not made by the headquarters office of the contracting agency to which the contract services are to be provided, the views of such office on the matter should be obtained and submitted with the request or the contracting officer may forward such a request through channels to the agency headquarters for submission with the latter's views to the Administrator of the Wage and Hour Division, Department of Labor, whenever any wage payment issues are involved. Any request relating to an occupational safety or health issue shall be submitted to the Assistant Secretary for Occupational Safety and Health, Department of Labor.

(c) *Documentation of official action under section 4(b).* All papers and documents made a part of the official record of administrative action pursuant to section 4(b) of the Act are available for public inspection in accordance with the regulations in 29 CFR Part 70. Limitations, variations, tolerances and exemptions of general applicability and legal effect promulgated pursuant to such authority are published in the FEDERAL REGISTER and made a part of the rules incorporated in this Part 4. For convenience in use of the rules, they are generally set forth in the sections of this part covering the subject matter to which they relate. (See, for example, §§ 4.5(b), 4.6(o), 4.112 and 4.113.) Any rules that are promulgated under section 4(b) of the Act relating to subject matter not dealt with elsewhere in this Part 4 will be set forth immediately following this paragraph.

(d) In addition to the statutory exemptions in § 7 of the Act (see § 4.115(b)), the following types of contracts have been exempted from all the provisions of the Service Contract Act of 1965, pursuant to section 4(b) of the Act, prior to its amendment by Public Law 92-473, which exemptions the Secretary of Labor found to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business:

(1) Contracts entered into by the United States with common carriers for the carriage of mail by rail, air (except air star routes), bus, and ocean vessel, where such carriage is performed on regularly scheduled runs of the trains, airplanes, buses, and vessels over regularly established routes and accounts for an insubstantial portion of the revenue therefrom;

(2) Any contract entered into by the U.S. Postal Service with an individual owner-operator for mail service where it is not contemplated at the time the contract is made that such owner-operator will hire any service employee to perform the services under the contract except for short periods of vacation time or for unexpected contingencies or emergency situations such as illness, or accident; and

(3) Contracts for the carriage of freight or personnel where such carriage is subject to rates covered by section 10721 of the Interstate Commerce Act.

(e) The following types of contracts have been exempted from all the provisions of the Service Contract Act of 1965, pursuant to section 4(b) of the Act, which exemptions the Secretary of Labor found to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business and are in accord with the remedial purpose of the Act to protect prevailing labor standards:

(1)(i) Contracts principally for the maintenance, calibration and/or repair of:

(A) Automated data processing equipment and office information/word processing systems;

(B) Scientific equipment and medical apparatus or equipment where the application of microelectronic circuitry or other technology of at least similar sophistication is an essential element (for example, Federal Supply Classification (FSC) Group 65, Class 6515, "Medical Diagnostic Equipment"; Class 6525, "X-Ray Equipment"; FSC Group 66, Class 6630, "Chemical Analysis Instruments"; Class 6665, "Geographical and Astronomical Instruments", are largely composed of the types of equipment exempted hereunder);

(C) Office/business machines not otherwise exempt pursuant to paragraph (A) above, where such services are performed by the manufacturer or supplier of the equipment.

(ii) The exemptions set forth in this paragraph (e)(1) shall apply only under the following circumstances:

(A) The items of equipment are commercial items which are used regularly for other than Government purposes, and are sold or traded by the contractor in substantial quantities to the general public in the course of normal business operations;

(B) The contract services are furnished at prices which are, or are based on, established catalog or market prices for the maintenance, calibration, and/or repair of such commerical items. An "established catalog price" is a price included in a catalog, price list, schedule, or other form that is regularly maintained by the manufacturer or the contractor, is either published or otherwise available for inspection by customers, and states prices at which sales are currently, or were last, made to a significant number of buyers constituting the general public. An "established market price" is a current price, established in the usual course of trade between buyers and sellers free to bargain, which can be substantiated from sources independent of the manufacturer or contractor; and

(C) The contractor utilizes the same compensation (wage and fringe benefits) plan for all service employees performing work under the contract as the contractor uses for equivalent employees servicing the same equipment of commercial customers;

(D) The contractor certifies in the contract to the provisions in this subparagraph (e)(ii).

(iii) Determinations of the applicability of this exemption shall be made in the first instance by the contracting officer prior to contract award. In making a judgment that the exemption applies, the contracting officer shall consider all factors and make an affirmative determination that all of the above conditions have been met.

(iv) If the Department of Labor determines after contract award that any of the above requirements for exemption has not been met, the exemption will be deemed inapplicable, and the contract shall become subject to the Service Contract Act, effective as of the date of the Department of Labor determination. In such case, the corrective procedures in section 4.5(c)(2) of this part shall be followed.

§§ 4.124—4.129 [Reserved]

PARTICULAR APPLICATION OF CONTRACT COVERAGE PRINCIPLES

§ 4.130 Types of covered service contracts illustrated.

(a) The types of contracts, the principal purpose of which is to furnish services through the use of service employees, are too numerous and varied to permit an exhaustive listing. The following list is illustrative, however, of the types of services called for by such contracts that have been found to come within the coverage of the Act. Other examples of covered contracts are discussed in other sections of this subpart.

(1) Aerial spraying.

(2) Aerial reconnaissance for fire detection.

(3) Ambulance service.

(4) Barber and beauty shop services.

(5) Cafeteria and food service.

(6) Carpet laying (other than part of construction) and cleaning.

(7) Cataloging services.

(8) Chemical testing and analysis.

(9) Clothing alteration and repair.

(10) Computer services.

(11) Concessionaire services.

(12) Custodial, janitorial, and housekeeping services.

(13) Data collection, processing, and/or analysis services.

(14) Drafting and illustrating.

(15) Electronic equipment maintenance and operation and engineering support services.

(16) Exploratory drilling (other than part of construction).

(17) Film processing.

(18) Fire fighting and protection.

(19) Fueling services.

(20) Furniture repair and rehabilitation.

(21) Geological field surveys and testing.

(22) Grounds maintenance.

(23) Guard and watchman security service.

(24) Inventory services.

(25) Keypunching and keyverifying contracts.

(26) Laboratory analysis services.

(27) Landscaping (other than part of construction).

(28) Laundry and dry cleaning.

(29) Linen supply services.

(30) Lodging and/or meals.

(31) Mail hauling.

(32) Mailing and addressing services.

(33) Maintenance and repair of all types of equipment, e.g., aircraft, engines, electrical motors, vehicles, and electronic, telecommunications, office and related business, and construction equipment (See § 4.123(e).).

(34) Mess attendant services.

(35) Mortuary services.

(36) Motor pool operation.

(37) Nursing home services.

(38) Operation, maintenance, or logistic support of a Federal facility.

(39) Packing and crating.

(40) Parking services.

(41) Pest control.

(42) Property management.

(43) Snow removal.

(44) Stenographic reporting.

(45) Support services at military installations.

(46) Surveying and mapping services (not directly related to construction).

(47) Taxicab services.

(48) Telephone and field interview services.

(49) Tire and tube repairs.

(50) Transporting property or personnel (except as explained in § 4.118).

(51) Trash and garbage removal.

(52) Tree planting and thinning, clearing timber or brush, etc. (See also §§ 4.116 (b) and 4.131(f).).

(53) Vending machine services.

(54) Visual and graphic arts.

(55) Warehousing or storage.

§ 4.131 Furnishing services involving more than use of labor.

(a) If the principal purpose of a contract is to furnish services in the performance of which service employees will be used, the Act will apply to the contract, in the absence of an exemption, even though the use or furnishing of nonlabor items may be an important element in the furnishing of the services called for by its terms. The Act is concerned with protecting the labor standards of workers engaged in performing such contracts, and is applicable if the statutory coverage test is met, regardless of the form in which the contract is drafted. The proportion of the labor cost to the total cost of the contract and the necessity of furnishing or receiving tangible nonlabor items in performing the contract obligations will be considered but are not necessarily determinative. A procurement that requires tangible items to be supplied to the Government or the contractor as a part of the service furnished is covered by the Act so long as the facts show that the contract is chiefly for services, and that the furnishing of tangible items is of secondary importance.

(b) Some examples of covered contracts illustrating these principles may be helpful. One such example is a contract for the maintenance and repair of typewriters. Such a contract may require the contractor to furnish typewriter parts, as the need arises, in performing the contract services. Since this does not change the principal purpose of the contract, which is to furnish the maintenance and repair services through the use of service employees, the contract remains subject to the Act.

(c) Another example of the application of the above principle is a contract for the recurrent supply to a Government agency of freshly laundered items on a rental basis. It is plain from the legislative history that such a contract is typical of those intended to be covered by the Act. S. Rept. 798, 89th Cong., 1st Sess., p. 2; H. Rept. 948, 89th Cong., 1st Sess., p. 2. Although tangible items owned by the contractor are provided on a rental basis for the use of the Government, the service furnished by the contractor in making them available for such use when and where they are needed, through the use of service employees who launder and deliver them, is the principal purpose of the contract.

(d) Similarly, a contract in the form of rental of equipment with operators for the plowing and reseeding of a park area is a service contract. The Act applies to it because its principal purpose is the service of plowing and reseeding, which will be performed by service employees, although as a necessary incident the contractor is required to furnish equipment. For like reasons the contracts for aerial spraying and aerial reconnaissance listed in § 4.130 are covered, even though the use of airplanes, an expensive item of equipment, is essential in performing such services. In general, contracts under which the contractor agrees to provide the Government with vehicles or equipment on a rental basis with drivers or operators for the purpose of furnishing services are covered by the Act. Such contracts are not considered contracts for furnishing equipment within the meaning of the Walsh-Healey Public Contracts Act. On the other hand, contracts under which the contractor provides equipment with operators for the purpose of construction of a public building or public work, such as road resurfacing or dike repair, even where the work is performed under the supervision of Government employees, would be within the exemption in section 7(1) of the Act as contracts for construction subject to the Davis-Bacon Act. (See § 4.116.)

(e) Contracts for data collection, surveys, computer services, and the like are within the general coverage of the Act even though the contractor may be required to furnish such tangible items as written reports or computer printouts, since items of this nature are considered to be of secondary importance to the services which it is the principal purpose of the contract to procure.

(f) Contracts under which the contractor receives tangible items from the Government in return for furnishing services (which items are in lieu of or in addition to monetary consideration granted by either party) are covered by the Act where the facts show that the furnishing of such services is the principal purpose of the contracts. For example, property removal or disposal contracts which involve demolition of buildings or other structures are subject to the Act when their principal purpose is dismantling and removal (and no further construction activity at the site is contemplated). However, removal or dismantling contracts whose principal purpose is sales are not covered. So-called "timber sales" contracts generally are not subject to the Act because normally the services provided under such contracts are incidental to the principal purpose of the contracts. (See also §§ 4.111(a) and 4.116(b).)

§ 4.132 Services and other items to be furnished under a single contract.

If the principal purpose of a contract is to furnish services through the use of service employees within the meaning of the Act, the contract to furnish such services is not removed from the Act's coverage merely because, as a matter of convenience in procurement, the service specifications are combined in a single contract document with specifications for the procurement of different or unrelated items. In such case, the Act would apply to service specifications but would not apply to any specifications subject to the Walsh-Healey Act or to the Davis-Bacon Act. With respect to contracts which contain separate specifications for the furnishing of services and construction activity, see § 4.116(c).

§ 4.133 Beneficiary of contract services.

(a) The Act does not say to whom the services under a covered contract must be furnished. So far as its language is concerned, it is enough if the contract is "entered into" by and with the Government and if its principal purpose is "to furnish services in the United States through the use of service employees". It is clear that Congress intended to cover at least contracts for services of direct benefit to the Government, its property, or its civilian or military personnel for whose needs it is necessary or desirable for the Government to make provision for such services. For example, the legislative history makes specific reference to such contracts as those for furnishing food service and laundry and dry cleaning service for personnel at military installations. Furthermore, there is no limitation in the Act regarding the beneficiary of the services, nor is there any indication that only contracts for services of direct benefit to the Government, as distinguished from the general public, are subject to the Act. Therefore, where the principal purpose of the Government contract is to provide services through the use of service employees, the contract is covered by the Act, regardless of the direct beneficiary of the services or the source of the funds from which the contractor is paid for the service, and irrespective of whether the contractor performs the work in its own establishment, on a Government installation, or elsewhere. The fact that the contract requires or permits the contractor to provide the services directly to individual personnel as a concessionaire, rather than through the contracting agency, does not negate coverage by the Act.

(b) The Department of Labor, pursuant to section 4(b) of the Act, exempts from the provisions of the Act certain kinds of concession contracts providing services to the general public, as provided herein. Specifically, concession contracts (such as those entered into by the National Park Service) principally for the furnishing of food, lodging, automobile fuel, souvenirs, newspaper stands, and recreational equipment to the general public, as distinguished from the United States Government or its personnel, are exempt. This exemption is necessary and proper in the public interest and is in accord with the remedial purpose of the Act. Where concession contracts, however, include substantial requirements for services other than those stated, those services are not exempt. The exemption provided does not affect a concession contractor's obligation to comply with the labor standards provisions of any other statutes such as the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*), the Davis-Bacon Act (40 U.S.C. 276a *et seq.;* see Part 5 of this title) and the Fair Labor Standards Act (29 U.S.C. 201 *et seq.*).

§ 4.134 Contracts outside the Act's coverage.

(a) Contracts entered into by agencies other than those of the Federal Government or the District of Columbia as described in §§ 4.107-4.108 are not within the purview of the Act. Thus, the Act does not cover service contracts entered into with any agencies of Puerto Rico, the Virgin Islands, American Samoa, or Guam acting in behalf of their respective local governments. Similarly, it does not cover service contracts entered into by agencies of States or local public bodies, not acting as agents for or on behalf of the United States or the District of Columbia, even though Federal financial assistance may be provided for such contracts under Federal law or the terms and conditions specified in Federal law may govern the award and operation of the contract.

(b) Further, as already noted in §§ 4.111 through 4.113, the Act does not apply to Government contracts which do not have as their principal purpose the furnishing of services, or which call for no services to be furnished within the United States or through the use of service employees as those terms are defined in the Act. Clearly outside the Act's coverage for these reasons are such contracts as those for the purchase of tangible products which the Government needs (e.g. vehicles, office equipment, and supplies), for the logistic support of an air base in a foreign country, or for the services of a lawyer to examine the title to land. Similarly, where the Government contracts for a lease of building space for Government occupancy and the building owner furnishes general janitorial and other building services on an incidental basis through the use of service employees, the leasing of the space rather than the furnishing of the building services is the principal purpose of the contract, and the Act does not apply. Another type of contract which is outside the coverage of the Act because it is not for the principal purpose of furnishing services may be illustrated by a contract for the rental of parking space under which the Government agency is simply given a lease or license to use the contractor's real property. Such a contract is to be distinguished from contracts for the storage of vehicles which are delivered into the possession or custody of the contractor, who will provide the required services including the parking or retrieval of the vehicles.

(c) There are a number of types of contracts which, while outside the Act's coverage in the usual case, may be subject to its provisions under the conditions and circumstances of a particular procurement, because these may be such as to require a different view of the principal purpose of the contract. Thus, the ordinary contract for the recapping of tires would have as its principal purpose the manufacture and furnishing of rebuilt tires for the Government rather than the furnishing of services through the use of service employees, and thus would be outside the Act's coverage. Similarly, contracts calling for printing, reproduction, and duplicating ordinarily would appear to have as their principal purpose the furnishing in quantity of printed, reproduced or duplicated written materials rather than the furnishing of reproduction services through the use of service employees. However, in a particular case, the terms, conditions, and circumstances of the procurement may be such that the facts would show its purpose to be chiefly the furnishing of services (e.g. repair services, typesetting, photocopying, editing, etc.), and where such services require the use of service employees the contract would be subject to the Act unless excluded therefrom for some other reason.

§§ 4.135—4.139 [Reserved]

DETERMINING AMOUNT OF CONTRACT

§ 4.140 Significance of contract amount.

As set forth in § 4.104 and in the requirements of §§ 4.6—4.7, the obligations of a contractor with respect to labor standards differ in the case of a covered and nonexempt contract, depending on whether the contract is or is not in excess of $2,500. Rules for resolving questions that may arise as to whether a contract is or is not in excess of this figure are set forth in the following sections.

§ 4.141 General criteria for measuring amount.

(a) In general, the contract amount is measured by the consideration agreed to be paid, whether in money or other valuable consideration, in return for the obligations assumed under the contract. Thus, even though a contractor, such as a wrecker entering into a contract with the Government to raze a building on a site which will remain vacant, may not be entitled to receive any money from the Government for such work under his contract or may even agree to pay the Government in return for the right to dispose of the salvaged materials, the contract will be deemed one in excess of $2,500 if the value of the property obtained by the contractor, less anything he might pay the Government, is in excess of such amount. In addition, concession contracts are considered to be contracts in excess of $2,500 if the contractor's gross receipts under the contract may exceed $2,500.

(b) All bids from the same person on the same invitation for bids will constitute a single offer, and the total award to such person will determine the amount involved for purposes of the Act. Where the procurement is made without formal advertising, in arriving at the aggregate amount involved, there must be included all property and services which would properly be grouped together in a single transaction and which would be included in a single advertisement for bids if the procurement were being effected by formal advertising. Therefore, if an agency procures continuing services through the issuance of monthly purchase orders, the amount of the contract for purposes of application of the Act is not measured by the amount of an individual purchase order. In such cases, if the continuing services were procured through formal advertising, the contract term would typically be for one year, and the monthly purchase orders must be grouped together to determine whether the yearly amount may exceed $2,500. However, a purchase order for services which are not continuing but are performed on a one-time or sporadic basis and which are not performed under a requirements contract or under the terms of a basic ordering agreement or similar agreement need not be equated to a yearly amount. (See § 4.142(b).) In addition, where an invitation is for services in an amount in excess of $2,500 and bidders are permitted to bid on a portion of the services not amounting to more than $2,500, the amounts of the contracts awarded separately to individual and unrelated bidders will be measured by the portions of the services covered by their respective contracts.

(c) Where a contract is issued in an amount in excess of $2,500 this amount will govern for purposes of application of the Act even though penalty deductions, deductions for prompt payment, and similar deductions may reduce the amount actually expended by the Government to $2,500 or less.

§ 4.142 Contracts in an indefinite amount.

(a) Every contract subject to this Act which is indefinite in amount is required to contain the clauses prescribed in § 4.6 for contracts in excess of $2,500, unless the contracting officer has definite knowledge in advance that the contract will not exceed $2,500 in any event.

(b) Where contracts or agreements between a Government agency and prospective purveyors of services are negotiated which provide terms and conditions under which services will be furnished through the use of service employees in response to individual purchase orders or calls, if any, which may be issued by the agency during the life of the agreement, these agreements would ordinarily constitute contracts within the intendment of the Act under principles judicially established in United Biscuit Co. v. Wirtz, 17 WH Cases 146 (C.A.D.C.), a case arising under the Walsh-Healey Public Contracts Act. Such a contract, which may be in the nature of a bilateral option contract or basic ordering agreement and not obligate the Government to order any services or the contractor to furnish any, nevertheless governs any procurement of services that may be made through purchase orders or calls issued under its terms. Since the amount of the contract is indefinite, it is subject to the rule stated in paragraph (a) of this section. The amount of the contract is not determined by the amount of any individual call or purchase order.

CHANGES IN CONTRACT COVERAGE

§ 4.143 Effects of changes or extensions of contracts, generally.

(a) Sometimes an existing service contract is modified, amended, or extended in such a manner that the changed contract is considered to be a new contract for purposes of the application of the Act's provisions. The general rule with respect to such contracts is that, whenever changes affecting the labor requirements are made in the terms of the contract, the provisions of the Act and the regulations thereunder will apply to the changed contract in the same manner and to the same extent as they would to a wholly new contract. However, contract modifications or amendments (other than contract extensions) that are unrelated to the labor requirements of a contract will not be deemed to create a new contract for purposes of the Act. In addition, only significant changes related to labor requirements will be considered as creating new contracts. This limitation on the application of the Act has been found to be in accordance with the provisions of section 4(b) of the Act.

(b) Also, whenever the term of an existing contract is extended, pursuant to an option clause or otherwise, so that the contractor furnishes services over an extended period of time, rather than being granted extra time to fulfill his original commitment, the contract extension is considered to be a new contract for purposes of the application of the Act's provisions. All such "new" contracts as discussed above require the insertion of a new or revised wage determination in the contract as provided in § 4.5.

§ 4.144 Contract modifications affecting amount.

Where a contract which was originally issued in an amount not in excess of $2,500 is later modified so that its amount may exceed that figure, all the provisions of section 2(a) of the Act, and the regulations thereunder are applicable from the date of modification to the date of contract completion. In the event of such modification, the contracting officer will immediately request a wage determination from the Department of Labor and insert the required contract clauses and any wage determination issued into the contract. In the event that a contract for services subject to the Act in excess of $2,500 is modified so that it cannot exceed $2,500, compliance with the provisions of section 2(a) of the Act and the contract clauses required thereunder ceases to be an obligation of the contractor when such modification becomes effective.

§ 4.145 Extended term contracts.

(a) Sometimes service contracts are entered into for an extended term exceeding one year; however, their continuation in effect is subject to the appropriation by Congress of funds for each new fiscal year. In such event, for purposes of this Act, a contract shall be deemed entered into upon the contract anniversary date which occurs in each new fiscal year during which the terms of the original contract are made effective by an appropriation for that purpose. In other cases a service contract, entered into for a specified term by a Government agency, may contain a provision such as an option clause under which the agency may

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unilaterally extend the contract for a period of the same length or other stipulated period. Since the exercise of the option results in the rendition of services for a new or different period not included in the term for which the contractor is obligated to furnish services or for which the Government is obligated to pay under the original contract in the absence of such action to extend it, the contract for the additional period is a wholly new contract with respect to application of the Act's provisions and the regulations thereunder (see section 4.143(b)).

(b) With respect to multi-year service contracts which are not subject to annual appropriations (for example, concession contracts which are funded through the concessionaire's sales, certain operations and maintenance contracts which are funded with so-called "no year money" or contracts awarded by instrumentalities of the United States, such as the Federal Reserve Banks, which do not receive appropriated funds), section 4(d) of the Act allows such contracts to be awarded for a period of up to five years on the condition that the multi-year contracts will be amended no less often than once every two years to incorporate any new Service Contract Act wage determination which may be applicable. Accordingly, unless the contracting agency is notified to the contrary (see § 4.4(d)), such contracts are treated as wholly new contracts for purposes of the application of the Act's provisions and regulations thereunder at the end of the second year and again at the end of the fourth year, etc. The two-year period is considered to begin on the date that the contractor commences performance on the contract (i.e., anniversary date) rather than on the date of contract award.

PERIOD OF COVERAGE

§ 4.146 Contract obligations after award, generally.

A contractor's obligation to observe the provisions of the Act arises on the date the contractor is informed that award of the contract has been made, and not necessarily on the date of formal execution. However, the contractor is required to comply with the provisions of the Act and regulations thereunder only while the employees are performing on the contract, provided the contractor's records make clear the period of such performance. (See also § 4.179.) If employees of the contractor are required by the contract to complete certain preliminary training or testing prior to the commencement of the contract services, or if there is a phase-in period which allows the new contractor's employees to familiarize themselves with the contract work so as to provide a smooth transition between contractors, the time spent by employees undertaking such training or phase-in work is considered to be hours worked on the contract and must be compensated for even though the principal contract services may not commence until a later date.

§§ 4.147—4.149 [Reserved]

EMPLOYEES COVERED BY THE ACT

§ 4.150 Employee coverage, generally.

The Act, in section 2(b), makes it clear that its provisions apply generally to all service employees engaged in performing work on a covered contract entered into by the contractor with the Federal Government, regardless of whether they are the contractor's employees or those of any subcontractor under such contract. All service employees who, on or after the date of award, are engaged in working on or in connection with the contract, either in performing the specific services called for by its terms or in performing other duties necessary to the performance of the contract, are thus subject to the Act unless a specific exemption (see §§ 4.115 et seq.) is applicable. All such employees must be paid wages at a rate not less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act (29 U.S.C. 206(a)(1)), as amended. Payment of a higher minimum monetary wage and the furnishing of fringe benefits may be required under the contract, pursuant to the provisions of sections 2(a)(1), (2), and 4(c) of the Act.

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§ 4.151 Employees covered by provisions of section 2(a).

The provisions of sections 2(a) and 4(c) of the Act prescribe labor standards requirements applicable, except as otherwise specifically provided, to every contract in excess of $2,500 which is entered into by the United States or the District of Columbia for the principal purpose of furnishing services in the United States through the use of service employees. These provisions apply to all service employees engaged in the performance of such a contract or any subcontract thereunder. The Act, in section 8(b) defines the term "service employee". The general scope of the definition is considered in § 4.113(b) of this subpart.

§ 4.152 Employees subject to prevailing compensation provisions of sections 2(a) (1) and (2) and 4(c).

(a) Under sections 2(a) (1) and (2) and 4(c) of the Act, minimum monetary wages and fringe benefits to be paid or furnished the various classes of service employees performing such contract work are determined by the Secretary of Labor or his authorized representative in accordance with prevailing rates and fringe benefits for such employees in the locality or in accordance with the rates contained in a predecessor contractor's collective bargaining agreement, as appropriate, and are required to be specified in such contracts and subcontracts thereunder. All service employees of the classes who actually perform the specific services called for by the contract (e.g., janitors performing on a contract for office cleaning; stenographers performing on a contract for stenographic reporting) are covered by the provisions specifying such minimum monetary wages and fringe benefits for such classes of service employees and must be paid not less than the applicable rate established for the classification(s) of work performed. Pursuant to section 4.6(b)(2), conforming procedures are required to be observed for all such classes of service employees not listed in the wage determination incorporated in the contract.

(b) The duties which an employee actually performs govern the classification and the rate of pay to which the employee is entitled under the applicable wage determination. Some job classifications listed in an applicable wage determination are descriptive by title and have commonly understood meanings (e.g., janitors, security guards, pilots, etc.). In such situations, detailed position descriptions may not be included in the wage determination. However, in cases where additional descriptive information is needed to inform users of the scope of duties included in the classification, the wage determination will generally contain detailed position descriptions based on the data source relied upon for the issuance of the wage determination.

(c) (1) Some wage determinations will list a series of classes within a job classification family, e.g., Computer Operators, Class A, B, and C, or Electronic Technicians, Class A, B, and C, or Clerk Typist, Class A and B. Generally, the lowest level listed for a job classification family is considered to be the entry level and establishment of a lower level through conformance (§ 4.6(b)(2)) is not permissible. Further, trainee classifications cannot be conformed. Helpers in skilled maintenance trades (e.g., electricians, machinists, automobile mechanics, etc.) whose duties constitute, in fact, separate and distinct jobs, may also be used if listed on the wage determination, but cannot be conformed. Conformance may not be used to artificially split or subdivide classifications listed in the wage determination. However, conforming procedures may be used if the work which an employee performs under the contract is not within the scope of any classification listed on the wage determination, regardless of job title.

(2) Subminimum rates for apprentices, student learners, and handicapped workers are permissible under the conditions discussed in § 4.6 (o) and (p).

§ 4.153 Inapplicability of prevailing compensation provisions to some employees.

There may be employees used by a contractor or subcontractor in performing a service contract in excess of

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$2,500 which is subject to the Act, whose services, although necessary to the performance of the contract, are not subject to minimum monetary wage or fringe benefit provisions contained in the contract pursuant to section 2(a) because such employees are not directly engaged in performing the specified contract services. An example might be a laundry contractor's billing clerk performing billing work with respect to the items laundered. In all such situations, the employees who are necessary to the performance of the contract but not directly engaged in the performance of the specified contract services, are nevertheless subject to the minimum wage provision of section 2(b) (see § 4.150) requiring payment of not less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act to all employees working on a covered contract, unless specifically exempt. However, in situations where minimum monetary wages and fringe benefits for a particular class or classes of service employees actually performing the services called for by the contract have not been specified in the contract because the wage and fringe benefit determination applicable to the contract has been made only for other classes of service employees who will perform the contract work, the employer will be required to pay the monetary wages and fringe benefits which may be specified for such classes of employees pursuant to the conformance procedures provided in § 4.6(b).

§ 4.154 Employees covered by sections 2(a) (3) and (4).

The safety and health standards of section 2(a)(3) and the notice requirements of section 2(a)(4) of the Act (see § 4.183) are applicable, in the absence of a specific exemption, to every service employee engaged by a contractor or subcontractor to furnish services under a contract subject to section 2(a) of the Act.

§ 4.155 Employee coverage does not depend on form of employment contract.

The Act, in section 8(b), makes it plain that the coverage of service employees depends on whether their work for the contractor or subcontractor on a covered contract is that of a service employee as defined in section 8(b) and not on any contractual relationship that may be alleged to exist between the contractor or subcontractor and such persons. In other words, any person, except those discussed in § 4.156 below, who performs work called for by a contract or that portion of a contract subject to the Act is, per se, a service employee. Thus, for example, a person's status as an "owner-operator" or an "independent contractor" is immaterial in determining coverage under the Act and all such persons performing the work of service employees must be compensated in accordance with the Act's requirements.

§ 4.156 Employees in bona fide executive, administrative, or professional capacity.

The term "service employee" as defined in Section 8(b) of the Act does not include persons employed in a bona fide executive, administrative, or professional capacity as those terms are defined in 29 CFR Part 541. Employees within the definition of service employee who are employed in an executive, administrative, or professional capacity are not excluded from coverage, however, even though they are highly paid, if they fail to meet the tests set forth in 29 CFR Part 541. Thus, such employees as laboratory technicians, draftsmen, and air ambulance pilots, though they require a high level of skill to perform their duties and may meet the salary requirements of the regulations in Part 541 of this title, are ordinarily covered by the Act's provisions because they do not typically meet the other requirements of those regulations.

§§ 4.157—4.158 [Reserved]

Subpart D—Compensation Standards

§ 4.159 General minimum wage.

The Act, in section 2(b)(1), provides generally that no contractor or subcontractor under any Federal contract subject to the Act shall pay any employee engaged in performing work on such a contract less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act. Section 2(a)(1) provides that the minimum monetary wage specified in any such contract exceeding $2,500 shall in no case be lower than this Fair Labor Standards Act minimum wage. Section 2(b)(1) is a statutory provision which applies to the contractor or subcontractor without regard to whether it is incorporated in the contract; however, §§ 4.6 through 4.7 provide for inclusion of its requirements in covered contracts and subcontracts. Because this statutory requirement specifies no fixed monetary wage rate and refers only to the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act, and because its application does not depend on provisions of the contract, any increase in such Fair Labor Standards Act minimum wage during the life of the contract is, on its effective date, also effective to increase the minimum wage payable under section 2(b)(1) to employees engaged in performing work on the contract. The minimum wage rate under section 6(a)(1) of the Fair Labor Standards Act is $3.10 per hour beginning January 1, 1980, and $3.35 per hour after December 31, 1980.

§ 4.160 Effect of section 6(e) of the Fair Labor Standards Act.

Contractors and subcontractors performing work on contracts subject to the Service Contract Act are required to pay all employees, including those employees who are not performing work on or in connection with such contracts, not less than the general minimum wage standard provided in section 6(a)(1) of the Fair Labor Standards Act, as amended (Pub. L. 95-151).

§ 4.161 Minimum monetary wages under contracts exceeding $2,500.

The standards established pursuant to the Act for minimum monetary wages to be paid by contractors and subcontractors under service contracts in excess of $2,500 to service employees engaged in performance of the contract or subcontract are required to be specified in the contract and in all subcontracts (see § 4.6). Pursuant to the statutory scheme provided by sections 2(a)(1) and 4(c) of the Act, every covered contract (and any bid specification therefor) which is in excess of $2,500 shall contain a provision specifying the minimum monetary wages to be paid the various classes of service employees engaged in the performance of the contract or any subcontract thereunder, as determined by the Secretary or his authorized representative in accordance with prevailing rates for such employees in the locality, or, where a collective bargaining agreement applied to the employees of a predecessor contractor in the same locality, in accordance with the rates for such employees provided for in such agreement, including prospective wage increases as provided in such agreement as a result of arm's-length negotiations. In no case may such wages be lower than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended. (For a detailed discussion of the application of section 4(c) of the Act, see § 4.163.) If some or all of the determined wages in a contract fall below the level of the Fair Labor Standards Act minimum by reason of a change in that rate by amendment of the law, these rates become obsolete and the employer is obligated under section 2(b)(1) of the Service Contract Act to pay the minimum wage rate established by the amendment as of the date it becomes effective. A change in the Fair Labor Standards Act minimum by operation of law would also have the same effect on advertised specifications or negotiations for covered service contracts, i.e., it would make ineffective and would supplant any lower rate or rates included in such specifications or negotiations whether or not determined. However, unless affected by such a change in the Fair Labor Standards Act minimum wage, by contract changes necessitating the insertion of new wage provisions (see §§ 4.5(c) and 4.143–4.145) or by the requirements of section 4(c) of the Act (see § 4.163), the minimum monetary wage rate specified in the contract for each of the classes of service employees for which wage determinations have been made under section 2(a)(1) will continue to apply throughout the period of contract performance. No change in the obligation of the contractor or subcontractor with respect to minimum monetary wages will result from the mere fact that higher or lower wage rates may be determined to be prevailing for such employees in the locality after the award and before completion of the contract. Such wage determinations are effective for contracts not yet awarded, as provided in § 4.5(a).

§ 4.162 Fringe benefits under contracts exceeding $2,500.

(a) Pursuant to the statutory scheme provided by sections 2(a)(2) and 4(c) of the Act, every covered contract in excess of $2,500 shall contain a provision specifying the fringe benefits to be furnished the various classes of service employees, engaged in the performance of the contract or any subcontract thereunder, as determined by the Secretary or his authorized representative to be prevailing for such employees in the locality or, where a collective bargaining agreement applied to the employees of a predecessor contractor in the same locality, the various classes of service employees engaged in the performance of the contract or any subcontract must be provided the fringe benefits, including prospective or accrued fringe benefit increases, provided for in such agreement as a result of arm's-length negotiations. (For a detailed discussion of section 4(c) of the Act, see § 4.163.) As provided by section 2(a)(2) of the Act, fringe benefits include medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the foregoing, unemployment benefits, life insurance, disability and sickness insurance, accident insurance, vacation and holiday pay, costs of apprenticeship or other similar programs and other bona fide fringe benefits not otherwise required by Federal, State, or local law to be provided by the contractor or subcontractor.

(b) Under this provision, the fringe benefits, if any, which the contractor or subcontractor is required to furnish the service employees engaged in the performance of the contract are specified in the contract documents (see § 4.6). How the contractor may satisfy this obligation is dealt with in §§ 4.170 through 4.177 of this part. A change in the fringe benefits required by the contract provision will not result from the mere fact that other or additional fringe benefits are determined to be prevailing for such employees in the locality at a time subsequent to the award but before completion of the contract. Such fringe benefit determinations are effective for contracts not yet awarded (see § 4.5(a)), or in the event that changes in an existing contract requiring their insertion for prospective application have occurred (see §§ 4.143 through 4.145). However, none of the provisions of this paragraph may be construed as altering a successor contractor's obligations under section 4(c) of the Act. (See § 4.163.)

§ 4.163 Section 4(c) of the Act.

(a) Section 4(c) of the Act provides that no "contractor or subcontractor under a contract, which succeeds a contract subject to this Act and under which substantially the same services are furnished, shall pay any service employee under such contract less than the wages and fringe benefits, including accrued wages and fringe benefits, and any prospective increases in wages and fringe benefits provided for in a collective-bargaining agreement as a result of arm's-length negotiations, to which such service employees would have been entitled if they were employed under the predecessor contract: *Provided*, That in any of the foregoing circumstances such obligations shall not apply if the Secretary finds after a hearing in accordance with regulations adopted by the Secretary that such wages and fringe benefits are substantially at variance with those which prevail for services of a character similar in the locality." Under this provision, the successor contractor's sole obligation is to insure that all service employees are paid no less than the wages and fringe benefits to which such employees would have been entitled if employed under the predecessor's collective bargaining agreement (i.e., irrespective of whether the successor's employees were or were not employed by the predecessor contractor). The obligation of the successor contractor is limited to the wage and fringe benefit requirements of the predecessor's collective bargaining agreement and does not extend to other items such as seniority, grievance procedures, work rules, overtime, etc.

(b) *Section 4(c) is self-executing.* Under section 4(c), a successor contractor in the same locality as the predecessor contractor is statutorily obligated to pay no less than the wage rates and fringe benefits which were contained in the predecessor contractor's collective bargaining agreement. This is a direct statutory obligation and requirement placed on the successor contractor by section 4(c) and is not contingent or dependent upon the issuance or incorporation in the contract of a wage determination based on the predecessor contractor's collective bargaining agreement. Pursuant to section 4(b) of the Act, a variation has been granted which limits the self-executing application of section 4(c) in the circumstances and under the conditions described in § 4.1b(b) of this part. It must be emphasized, however, that the variation in § 4.1b(b) is applicable only if the contracting officer has given both the incumbent (predecessor) contractor and the employees' collective bargaining representative notification at least 30 days in advance of any estimated procurement date.

(c) *Variance hearings.* The regulations and procedures for hearings pursuant to section 4(c) of the Act are contained in § 4.10 of Subpart A and Parts 6 and 8 of this title. If, as the result of such hearing, some or all of the wage rate and/or fringe benefit provisions of a predecessor contractor's collective bargaining agreement are found to be substantially at variance with the wage rates and/or fringe benefits prevailing in the locality, the Administrator will cause a new wage determination to be issued in accordance with the decision of the Administrative Law Judge or the Board of Service Contract Appeals, as appropriate. Since "it was the clear intent of Congress that any revised wage determinations resulting from a section 4(c) proceeding were to have validity with respect to the procurement involved" (53 Comp. Gen. 401, 402, 1973), the solicitation, or the contract if already awarded, must be amended to incorporate the newly issued wage determination. Such new wage determination shall be made applicable to the contract as of the date of the Administrative Law Judge's decision or, where the decision is reviewed by the Board of Service Contract Appeals, the date of that decision. The legislative history of the 1972 Amendments makes clear that the collectively bargained "wages and fringe benefits shall continue to be honored * * * unless and until the Secretary finds, after a hearing, that such wages and fringe benefits are substantially at variance with those prevailing in the locality for like services" (S. Rept. 92-1131, 92nd Cong., 2d Sess. 5). Thus, variance decisions do not have application retroactive to the commencement of the contract.

(d) *Sections 2(a) and 4(c) must be read in conjunction.* The Senate report accompanying the bill which amended the Act in 1972 states that "Sections 2(a)(1), 2(a)(2), and 4(c) must be read in harmony to reflect the statutory scheme." (S. Rept. 92-1131, 92nd Cong., 2nd Sess. 4.) Therefore, since section 4(c) refers only to the predecessor contractor's collective bargaining agreement, the reference to collective bargaining agreements in sections 2(a)(1) and 2(a)(2) can only be read to mean a predecessor contractor's collective bargaining agreement. The fact that a successor contractor may have its own collective bargaining agreement does not negate the clear mandate of the statute that the wages and fringe benefits called for by the predecessor contractor's collective bargaining agreement shall be the minimum payable under a new (successor) contract nor does it negate the application of a prevailing wage determination issued pursuant to section 2(a) where there was no applicable predecessor collective bargaining agreement. 48 Comp. Gen. 22, 23-24 (1968). In addition, because section 2(a) only applies to covered contracts in excess of $2,500, the requirements of section 4(c) likewise apply only to successor contracts which may be in excess of

$2,500. However, if the successor contract is in excess of $2,500, section 4(c) applies regardless of the amount of the predecessor contract. (See §§ 4.141-4.142 for determining contract amount.)

(e) *The operative words of section 4(c) refer to "contract" not "contractor".* Section 4(c) begins with the language, "[n]o contractor or subcontractor under a *contract, which succeeds a contract* subject to this Act" (emphasis supplied). Thus, the statute is applicable by its terms to a successor contract without regard to whether the successor contractor was also the predecessor contractor. A contractor may become its own successor because it was the successful bidder on a recompetition of an existing contract, or because the contracting agency exercises an option or otherwise extends the term of the existing contract, etc. (See §§ 4.143-4.145.) Further, since sections 2(a) and 4(c) must be read in harmony to reflect the statutory scheme, it is clear that the provisions of section 4(c) apply whenever the Act or the regulations require that a new wage determination be incorporated into the contract (53 Comp. Gen. 401, 404-6 (1973)).

(f) *Collective bargaining agreement must be applicable to work performed on the predecessor contract.* Section 4(c) will be operative only if the employees who worked on the predecessor contract were actually paid in accordance with the wage and fringe benefit provisions of a predecessor contractor's collective bargaining agreement. Thus, for example, section 4(c) would not apply if the predecessor contractor entered into a collective bargaining agreement for the first time, which did not become effective until after the expiration of the predecessor contract. Likewise, the requirements of section 4(c) would not apply if the predecessor contractor's collective bargaining agreement applied only to other employees of the firm and not to the employees working on the contract.

(g) *Contract reconfigurations.* As a result of changing priorities, mission requirements, or other considerations, contracting agencies may decide to restructure their support contracts. Thus, specific contract requirements from one contract may be broken out and placed in a new contract or combined with requirements from other contracts into a consolidated contract. The protections afforded service employees under section 4(c) are not lost or negated because of such contract reconfigurations, and the predecessor contractor's collectively bargained rates follow identifiable contract work requirements into new or consolidated contracts, provided that the new or consolidated contract is for services which were furnished in the same locality under a predecessor contract. See § 4.163(i). However, where there is more than one predecessor contract to the new or consolidated contract, and where the predecessor contracts involve the same or similar function(s) of work, using substantially the same job classifications, the predecessor contract which covers the greater portion of the work in such function(s) shall be deemed to be the predecessor contract for purposes of section 4(c), and the collectively bargained wages and fringe benefits under that contract, if any, shall be applicable to such function(s). This limitation on the application of section 4(c) is necessary and proper in the public interest and is in accord with the remedial purpose of the Act to protect prevailing labor standards.

(h) *Interruption of contract services.* Other than the requirement that substantially the same services be furnished, the requirement for arm's-length negotiations and the provision for variance hearings, the Act does not impose any other restrictions on the application of section 4(c). Thus, the application of section 4(c) is not negated because the contracting authority may change and the successor contract is awarded by a different contracting agency. Also, there is no requirement that the successor contract commence immediately after the completion or termination of the predecessor contract, and an interruption of contract services does not negate the application of section 4(c). Contract services may be interrupted because the Government facility is temporarily closed for renovation, or because a predecessor defaulted on the contract or because a bid protest has halted a contract award requiring the Government to perform the services with its own employees. In all such cases, the requirements of section 4(c) would apply to any successor contract which may be awarded after the temporary interruption or hiatus. The basic principle in all of the preceding examples is that successorship provisions of section 4(c) apply to the full term successor contract. Therefore, temporary interim contracts, which allow a contracting agency sufficient time to solicit bids for a full term contract, also do not negate the application of section 4(c) to a full term successor contract.

(i) *Place of performance.* The successorship requirements of section 4(c) apply to all contracts for substantially the same services as were furnished under a predecessor contract in the same locality. As stated in § 4.4(a)(2), a wage determination incorporated in the contract shall be applicable thereto regardless of whether the successful contractor subsequently changes the place(s) of contract performance. Similarly, the application of section 4(c) (and any wage determination issued pursuant to section 4(c) and included in the contract) is not negated by the fact that a successor prime contractor subsequently changes the place(s) of contract performance or subcontracts any part of the contract work to a firm which performs the work in a different locality.

(j) *Interpretation of wage and fringe benefit provisions of wage determinations issued pursuant to sections 2(a) and 4(c).* Wage determinations which are issued for successor contracts subject to section 4(c) are intended to accurately reflect the rates and fringe benefits set forth in the predecessor's collective bargaining agreement. However, failure to include in the wage determination any job classification, wage rate, or fringe benefit encompassed in the collective bargaining agreement does not relieve the successor contractor of the statutory requirement to comply at a minimum with the terms of the collective bargaining agreement insofar as wages and fringe benefits are concerned. Since the successor's obligations are governed by the terms of the collective bargaining agreement, any interpretation of the wage and fringe benefit provisions of the collective bargaining agreement where its provisions are unclear must be based on the intent of the parties to the collective bargaining agreement, provided that such interpretation is not violative of law. Therefore, some of the principles discussed in §§ 4.170 through 4.177 regarding specific interpretations of the fringe benefit provisions of prevailing wage determinations may not be applicable to wage determinations issued pursuant to section 4(c). As provided in section 2(a)(2), a contractor may satisfy its fringe benefit obligations under any wage determination "by furnishing any equivalent combinations of fringe benefits or by making equivalent or differential payments in cash" in accordance with the rules and regulations set forth in § 4.177 of this Subpart.

(k) No provision of this section shall be construed as permitting a successor contractor to pay its employees less than the wages and fringe benefits to which such employees would have been entitled under the predecessor contractor's collective bargaining agreement. Thus, some of the principles discussed in § 4.167 may not be applicable in section 4(c) successorship situations. For example, unless the predecessor contractor's collective bargaining agreement allowed the deduction from employees' wages of the reasonable cost or fair value for providing board, lodging, or other facilities, the successor may not include such costs as part of the applicable minimum wage specified in the wage determination. Likewise, unless the predecessor contractor's agreement allowed a tip credit (§ 4.6(q)), the successor contractor may not take a tip credit toward satisfying the minimum wage requirements under sections 2(a)(1) and 4(c).

§ 4.164 [Reserved]

COMPLIANCE WITH COMPENSATION STANDARDS

§ 4.165 Wage payments and fringe benefits—in general.

(a)(1) Monetary wages specified under the Act shall be paid to the employees to whom they are due promptly and in no event later than one pay period following the end of the pay period in which they are earned. No deduction, rebate, or refund is permitted, except as hereinafter stated. The same rules apply to cash payments authorized to be paid with the statutory monetary wages as equivalents of determined fringe benefits (see § 4.177).

(2) The Act makes no distinction, with respect to its compensation provisions, between temporary, part-time, and full-time employees, and the wage and fringe benefit determinations apply, in the absence of an express limitation, equally to all such service employees engaged in work subject to the Act's provisions. (See § 4.176 regarding fringe benefit payments to temporary and part-time employees.)

(b) The Act does not prescribe the length of the pay period. However, for purposes of administration of the Act, and to conform with practices required under other statutes that may be applicable to the employment, wages and hours worked must be calculated on the basis of a fixed and regularly recurring workweek of seven consecutive 24-hour workday periods, and the records must be kept on this basis. It is appropriate to use this workweek for the pay period. A biweekly or semimonthly, pay period may, however, be used if advance notification is given to the affected employees. A pay period longer than semimonthly is not recognized as appropriate for service employees and wage payments at greater intervals will not be considered as constituting proper payments in compliance with the Act.

(c) The prevailing rate established by a wage determination under the Act is a minimum rate. A contractor is not precluded from paying wage rates in excess of those determined to be prevailing in the particular locality. Nor does the Act affect or require the changing of any provisions of union contracts specifying higher monetary wages or fringe benefits than those contained in an applicable determination. However, if an applicable wage determination contains a wage or fringe benefit provision for a class of service employees which is higher than that specified in an existing union agreement, the determination's provision must be observed for any work performed on a contract subject to that determination.

§ 4.166 Wage payments—unit of payment.

The standard by which monetary wage payments are measured under the Act is the wage rate per hour. An hourly wage rate is not, however, the only unit for payment of wages that may be used for employees subject to the Act. Employees may be paid on a daily, weekly, or other time basis, or by piece or task rates, so long as the measure of work and compensation used, when translated or reduced by computation to an hourly basis each workweek, will provide a rate per hour that will fulfill the statutory requirement. Whatever system of payment is used, however, must ensure that each hour of work in performance of the contract is compensated at not less than the required minimum rate. Failure to pay for certain hours at the required rate cannot be transformed into compliance with the Act by reallocating portions of payments made for other hours which are in excess of the specified minimum.

§ 4.167 Wage payments—medium of payment.

The wage payment requirements under the Act for monetary wages specified under its provisions will be satisfied by the timely payment of such wages to the employee either in cash or negotiable instrument payable at par. Such payment must be made finally and unconditionally and "free and clear." Scrip, tokens, credit cards, "dope checks", coupons, salvage material, and similar devices which permit the employer to retain and prevent the employee from acquiring control of money due for the work until some time after the pay day for the period in which it was earned, are not proper mediums of payment under the Act. If, as is permissible, they are used as a convenient device for measuring earnings or allowable deductions during a single pay period, the employee cannot be charged with the loss or destruction of any of them and the employer may not, because the employee has not actually redeemed them, credit itself with any which remain outstanding on the pay day in determining whether it has met the requirements of the Act. The employer may not include the cost of fringe benefits or equivalents furnished as required under section 2(a)(2) of the Act, as a credit toward the monetary wages it is required to pay under section 2(a)(1) or 2(b) of the Act (see § 4.170). However, the employer may generally include, as a part of the applicable minimum wage which it is required to pay under the Act, the reasonable cost or fair value, as determined by the Administrator, of furnishing an employee with "board, lodging, or other facilities," as defined in Part 531 of this title, in situations where such facilities are customarily furnished to employees, for the convenience of the employees, not primarily for the benefit of the employer, and the employees' acceptance of them is voluntary and uncoerced. (See also § 4.163(k).) The determination of reasonable cost or fair value will be in accordance with the Administrator's regulations under the Fair Labor Standards Act, contained in such Part 531 of this title. While employment on contracts subject to the Act would not ordinarily involve situations in which service employees would receive tips from third persons, the treatment of tips for wage purposes in the situations where this may occur should be understood. For purposes of this Act, tips may generally be included in wages in accordance with the regulations under the Fair Labor Standards Act, contained in Part 531. (See also § 4.6(q) and § 4.163(k).) The general rule under that Act is that the amount paid a tipped employee by his employer is deemed to be increased on account of tips by an amount determined by the employer, not in excess of 40 percent of the minimum wage applicable under section 6 of that Act, effective January 1, 1980. Thus, the tip credit taken by an employer subject to the Service Contract Act may not exceed $1.34 per hour after December 31, 1980. (See § 4.163(k) for exceptions in section 4(c) situations.) In no event shall the sum credited be in excess of the value of tips actually received by the employee.

[48 FR 49762, Oct. 27, 1983; 48 FR 50529, Nov. 2, 1983]

§ 4.168 Wage payments—deductions from wages paid.

(a) The wage requirements of the Act will not be met where unauthorized deductions, rebates, or refunds reduce the wage payment made to the employee below the minimum amounts required under the provisions of the Act and the regulations thereunder, or where the employee fails to receive such amounts free and clear because he "kicks back" directly or indirectly to the employer or to another person for the employer's benefit the whole or part of the wage delivered to him. Authorized deductions are limited to those required by law, such as taxes payable by employees required to be withheld by the employer and amounts due employees which the employer is required by court order to pay to another; deductions allowable for the reasonable cost or fair value of board, lodging, and facilities furnished as set forth in § 4.167; and deductions of amounts which are authorized to be paid to third persons for the employee's account and benefit pursuant to his voluntary assignment or order or a collective bargaining agreement with bona fide representatives of employees which is applicable to the employer. Deductions for amounts paid to third persons on the employee's account which are not so authorized or are contrary to law or from which the contractor, subcontractor or any affiliated person derives any payment, rebate, commission, profit, or benefit directly or indirectly, may not be made if they cut into the wage required to be paid under the Act. The principles applied in determining the permissibility of deductions for payments made to third persons are explained in more detail in §§ 531.38–531.40 of this title.

(b) *Cost of maintaining and furnishing uniforms.* (1) If the employees are required to wear uniforms either by the employer, the nature of the job, or the Government contract, then the cost of furnishing and maintaining the uniforms is deemed to be a business expense of the employer and such cost may not be borne by the employees to the extent that to do so would reduce the employees' compensation below that required by the Act. Since it may be administratively difficult and burdensome for employers to determine the actual cost incurred by all employees for maintaining their own uniforms, payment in accordance with the following standards is considered sufficient for the contractor to satisfy its wage obligations under the Act:

(i) The contractor furnishes all employees with an adequate number of uniforms without cost to the employees or reimburses employees for the actual cost of the uniforms.

(ii) Where uniform cleaning and maintenance is made the responsibility of the employee, the contractor reimburses all employees for such cleaning and maintenance at the rate of $3.35 a week (or 67 cents a day). Since employees are generally required to wear a clean uniform each day regardless of the number of hours the employee may work that day, the preceding weekly amount generally may be reduced to the stated daily equivalent but not to an hourly equivalent. A contractor may reimburse employees at a different rate if the contractor furnishes affirmative proof as to the actual cost to the employees of maintaining their uniforms or if a different rate is provided for in a bona fide collective bargaining agreement covering the employees working on the contract.

(2) However, there generally is no requirement that employees be reimbursed for uniform maintenance costs in those instances where the uniforms furnished are made of "wash and wear" materials which may be routinely washed and dried with other personal garments, and do not generally require daily washing, dry cleaning, commercial laundering, or any other special treatment because of heavy soiling in work usage or in order to meet the cleanliness or appearance standards set by the terms of the Government contract, by the contractor, by law, or by the nature of the work. This limitation does not apply where a different provision has been set forth on the applicable wage determination. In the case of wage determinations issued under section 4(c) of the Act for successor contracts, the amount established by the parties to the predecessor collective bargaining agreement is deemed to be the cost of laundering wash and wear uniforms.

(c) Stipends, allowances or other payments made directly to an employee by a party other than the employer (such as a stipend for training paid by the Veterans Administration) are not part of "wages" and the employer may not claim credit for such payments toward its monetary obligations under the Act.

§ 4.169 Wage payments—work subject to different rates.

If an employee during a workweek works in different capacities in the performance of the contract and two or more rates of compensation under section 2 of the Act are applicable to the classes of work which he or she performs, the employee must be paid the highest of such rates for all hours worked in the workweek unless it appears from the employer's records or other affirmative proof which of such hours were included in the periods spent in each class of work. The rule is the same where such an employee is employed for a portion of the workweek in work not subject to the Act, for which compensation at a lower rate would be proper if the employer by his records or other affirmative proof, segregated the worktime thus spent.

§ 4.170 Furnishing fringe benefits or equivalents.

(a) *General.* Fringe benefits required under the Act shall be furnished, separate from and in addition to the specified monetary wages, by the contractor or subcontractor to the employees engaged in performance of the contract, as specified in the determination of the Secretary or his authorized representative and prescribed in the contract documents. Section 2(a)(2) of the Act provides that the obligation to furnish the specified benefits "may be discharged by furnishing any equivalent combinations of fringe benefits or by making equivalent or differential payments in cash under rules and regulations established by the Secretary." The governing rules and regulations for furnishing such equivalents are set forth in § 4.177 of this Subpart. An employer cannot offset an amount of monetary wages paid in excess of the wages required under the determination in order to satisfy his fringe benefit obligations under the Act, and must keep appropriate records separately showing amounts paid for wages and amounts paid for fringe benefits.

(b) *Meeting the requirement, in general.* The various fringe benefits listed in the Act and in § 4.162(a) are illustrative of those which may be found to be prevailing for service employees in a particular locality. The benefits which an employer will be required to furnish employees performing on a particular contract will be specified in the contract documents. A contractor may dispose of certain of the fringe benefit obligations which may be required by an applicable fringe benefit determination, such as pension, retirement, or health insurance, by irrevocably paying the specified contributions for fringe benefits to an independent trustee or other third person pursuant to an existing "bona fide" fund, plan, or program on behalf of employees engaged in work subject to the Act's provisions. Where such a plan or fund does not exist, a contractor must discharge his obligation relating to fringe benefits by furnishing either an equivalent combination of "bona fide" fringe benefits or by making equivalent payments in cash to the employee, in accordance with the regulations in § 4.177.

§ 4.171 "Bona fide" fringe benefits.

(a) To be considered a "bona fide" fringe benefit for purposes of the Act, a fringe benefit plan, fund, or program must constitute a legally enforceable obligation which meets the following criteria:

(1) The provisions of a plan, fund, or program adopted by the contractor, or by contract as a result of collective bargaining, must be specified in writing, and must be communicated in writing to the affected employees. Contributions must be made pursuant to the terms of such plan, fund, or program. The plan may be either contractor-financed or a joint contractor-employee contributory plan. For example, employer contributions to Individual Retirement Accounts (IRAs) approved by IRS are permissible. However, any contributions made by employees must be voluntary, and if such contributions are made through payroll deductions, such deductions must be made in accordance with § 4.168. No contribution toward fringe benefits made by the employees themselves, or fringe benefits provided from monies deducted from the employee's wages may be included or used by an employer in satisfying any part of any fringe benefit obligation under the Act.

(2) The primary purpose of the plan must be to provide systematically for the payment of benefits to employees on account of death, disability, advanced age, retirement, illness, medical expenses, hospitalization, supplemental unemployment benefits, and the like.

(3) The plan must contain a definite formula for determining the amount to be contributed by the contractor and a definite formula for determining the benefits for each of the employees participating in the plan.

(4) Except as provided in paragraph (b), the contractor's contributions must be paid irrevocably to a trustee or third person pursuant to an insurance agreement, trust or other funded arrangement. The trustee must assume the usual fiduciary responsibilities imposed upon trustees by applicable law. The trust or fund must be set up in such a way that the contractor will not be able to recapture any of the contributions paid in nor in any way divert the funds to its own use or benefit.

(5) Benefit plans or trusts of the types listed in 26 U.S.C. 401(a) which are disapproved by the Internal Reve-

nue Service as not satisfying the requirements of section 401(a) of the Internal Revenue Code or which do not meet the requirements of the Employee Retirement Income Security Act of 1974, 29 U.S.C. 1001, et seq. and regulations thereunder, are not deemed to be "bona fide" plans for purposes of the Service Contract Act.

(6) It should also be noted that such plans must meet certain other criteria as set forth in § 778.215 of 29 CFR 778 in order for any contributions to be excluded from computation of the regular rate of pay for overtime purposes under the Fair Labor Standards Act (§§ 4.180-4.182).

(b)(1) Unfunded self-insured fringe benefit plans (other than fringe benefits such as vacations and holidays which by their nature are normally unfunded) under which contractors allegedly make "out of pocket" payments to provide benefits as expenses may arise, rather than making irrevocable contributions to a trust or other funded arrangement as required under § 4.171(a)(4), are not normally considered "bona fide" plans or equivalent benefits for purposes of the Act.

(2) A contractor may request approval by the Administrator of an unfunded self-insured plan in order to allow credit for payments under the plan to meet the fringe benefit requirements of the Act. In considering whether such a plan is bona fide, the Administrator will consider such factors as whether it could be reasonably anticipated to provide the prescribed benefits, whether it represents a legally enforceable commitment to provide such benefits, whether it is carried out under a financially responsible program, and whether the plan has been communicated to the employees in writing. The Administrator in his/her discretion may direct that assets be set aside and preserved in an escrow account or that other protections be afforded to meet the plan's future obligation.

(c) No benefit required by any other Federal law or by any State or local law, such as unemployment compensation, workers' compensation, or social security, is a fringe benefit for purposes of the Act.

(d) The furnishing to an employee of board, lodging, or other facilities under the circumstances described in § 4.167, the cost or value of which is creditable toward the monetary wages specified under the Act, may not be used to offset any fringe benefit obligations, as such items and facilities are not fringe benefits or equivalent benefits for purposes of the Act.

(e) The furnishing of facilities which are primarily for the benefit or convenience of the contractor or the cost of which is properly a business expense of the contractor is not the furnishing of a "bona fide" fringe benefit or equivalent benefit or the payment of wages. This would be true of such items, for example, as relocation expenses, travel and transportation expenses incident to employment, incentive or suggestion awards, and recruitment bonuses, as well as tools and other materials and services incidental to the employer's performance of the contract and the carrying on of his business, and the cost of furnishing, laundering, and maintaining uniforms and/or related apparel or equipment where employees are required by the contractor, by the contractor's Government contract, by law, or by the nature of the work to wear such items. See also § 4.168.

(f) Contributions by contractors for such items as social functions or parties for employees, flowers, cards, or gifts on employee birthdays, anniversaries, etc. (sunshine funds), employee rest or recreation rooms, paid coffee breaks, magazine subscriptions, and professional association or club dues, may not be used to offset any wages or fringe benefits specified in the contract, as such items are not "bona fide" wages or fringe benefits or equivalent benefits for purposes of the Act.

§ 4.172 Meeting requirements for particular fringe benefits—in general.

Where a fringe benefit determination specifies the amount of the employer's contribution to provide the benefit, the amount specified is the actual minimum cash amount that must be provided by the employer for the employee. No deduction from the specified amount may be made to cover any administrative costs which may be incurred by the contractor in providing the benefits, as such costs are properly a business expense of the employer. If prevailing fringe benefits for insurance or retirement are determined in a stated amount, and the employer provides such benefits through contribution in a lesser amount, he will be required to furnish the employee with the difference between the amount stated in the determination and the actual cost of the benefits which he provides. Unless otherwise specified in the particular wage determination, such as one reflecting collectively bargained fringe benefit requirements, issued pursuant to Section 4(c) of the Act, every employee performing on a covered contract must be furnished the fringe benefits required by that determination for all hours spent working on that contract up to a maximum of 40 hours per week and 2,080 (i.e., 52 weeks of 40 hours each) per year, as these are the typical number of nonovertime hours of work in a week, and in a year, respectively. Since the Act's fringe benefit requirements are applicable on a contract-by-contract basis, employees performing on more than one contract subject to the Act must be furnished the full amount of fringe benefits to which they are entitled under each contract and applicable wage determination. Where a fringe benefit determination has been made requiring employer contributions for a specified fringe benefit in a stated amount per hour, a contractor employing employees part of the time on contract work and part of the time on other work, may only credit against the hourly amount required for the hours spent on the contract work, the corresponding proportionate part of a weekly, monthly, or other amount contributed by him for such fringe benefits or equivalent benefits for such employees. If, for example, the determination requires health and welfare benefits in the amount of 30 cents an hour and the employer provides hospitalization insurance for such employees at a cost of $10.00 a week, the employer may credit 25 cents an hour ($10.00 ÷ 40) toward his fringe benefit obligation for such employees. If an employee works 25 hours on the contract work and 15 hours on other work, the employer cannot allocate the entire $10.00 to the 25 hours spent on contract work and take credit for 30 cents per hour in that manner, but must spread the cost over the full forty hours.

§ 4.173 Meeting requirements for vacation fringe benefits.

(a) *Determining length of service for vacation eligibility.* It has been found that for many types of service contracts performed at Federal facilities a successor contractor will utilize the employees of the previous contractor in the performance of the contract. The employees typically work at the same location providing the same services to the same clientele over a period of years, with periodic, often annual, changes of employer. The incumbent contractor, when bidding on a contract, must consider his liability for vacation benefits for those workers in his employ. If prospective contractors who plan to employ the same personnel were not required to furnish these employees with the same prevailing vacation benefits, it would place the incumbent contractor at a distinct competitive disadvantage as well as denying such employees entitlement to prevailing vacation benefits.

(1) Accordingly, most vacation fringe benefit determinations issued under the Act require an employer to furnish to employees working on the contract a specified amount of paid vacation upon completion of a specified length of service with a contractor or successor. This requirement may be stated in the determination, for example, as "one week paid vacation after one year of service with a contractor or successor" or by a determination which calls for "one week's paid vacation after one year of service". Unless specified otherwise in an applicable fringe benefit determination, an employer must take the following two factors into consideration in determining when an employee has completed the required length of service to be eligible for vacation benefits:

(i) The total length of time spent by an employee in any capacity in the continuous service of the present (successor) contractor, including both the time spent in performing on regular commercial work and the time spent in performing on the Government contract itself, and

(ii) Where applicable, the total length of time spent in any capacity as an employee in the continuous service of any predecessor contractor(s) who carried out similar contract functions at the same Federal facility.

(2) The application of these principles may be illustrated by the example given above of a fringe benefit determination calling for "one week paid vacation after one year of service with a contractor or successor". In that example, if a contractor has an employee who has worked for him for 18 months on regular commercial work and only for 6 months on a Government service contract, that employee would be eligible for the one week vacation since his total service with the employer adds up to more than 1 year. Similarly, if a contractor has an employee who worked for 16 months under a janitorial service contract at a particular Federal base for two different predecessor contractors, and only 8 months with the present employer, that employee would also be considered as meeting the "after one year of service" test and would thus be eligible for the specified vacation.

(3) The "contractor or successor" requirement set forth in paragraph (a)(1) of this section is not affected by the fact that a different contracting agency may have contracted for the services previously or by the agency's dividing and/or combining the contract services. However, prior service as a Federal employee is not counted toward an employee's eligibility for vacation benefits under fringe benefit determinations issued pursuant to the Act.

(4) Some fringe benefit determinations may require an employer to furnish a specified amount of paid vacation upon completion of a specified length of service *with the employer*, for example, "one week paid vacation after one year of service with an employer". Under such determinations, only the time spent in performing on commercial work and on Government contract work in the employment of the present contractor need be considered in computing the length of service for purposes of determining vacation eligibility.

(5) Whether or not the predecessor contract(s) was covered by a fringe benefit determination is immaterial in determining whether the one year of service test has been met. This qualification refers to work performed before, as well as after, an applicable fringe benefit determination is incorporated into a contract. Also, the fact that the labor standards in predecessor service contract(s) were only those required under the Fair Labor Standards Act has no effect on the applicable fringe benefit determination contained in a current contract.

(b) *Eligibility requirement—continuous service.* Under the principles set forth above, if an employee's total length of service adds up to at least one year, the employee is eligible for vacation with pay. However, such service must have been rendered continuously for a period of not less than one year for vacation eligibility. The term "continuous service" does not require the combination of two entirely separate periods of employment. Whether or not there is a break in the continuity of service so as to make an employee ineligible for a vacation benefit is dependent upon all the facts in the particular case. No fixed time period has been established for determining whether an employee has a break in service. Rather, as illustrated below, the reason(s) for an employee's absence from work is the primary factor in determining whether a break in service occurred.

(1) In cases where employees have been granted leave with or without pay by their employer, or are otherwise absent with permission for such reasons as sickness or injury, or otherwise perform no work on the contract because of reasons beyond their control, there would not be a break in service. Likewise, the absence from work for a few days, with or without notice, does not constitute a break in service, without a formal termination of employment. The following specific examples are illustrative situations where it has been determined that a break in service did not occur:

(i) An employee absent for five months due to illness but employed continuously for three years.

(ii) A strike after which employees returned to work.

(iii) An interim period of three months between contracts caused by delays in the procurement process during which time personnel hired directly by the Government performed the necessary services. However, the successor contractor in this case was not held liable for vacation benefits for those employees who had anniversary dates of employment during the interim period because no employment relationship existed during such period.

(iv) A mess hall closed three months for renovation. Contractor employees were considered to be on temporary layoff during the renovation period and did not have a break in service.

(2) Where an employee quits, is fired for cause, or is otherwise terminated (except for temporary layoffs), there would be a break in service even if the employee were rehired at a later date. However, an employee may not be discharged and rehired as a subterfuge to evade the vacation requirement.

(c) *Vesting and payment of vacation benefits.* (1) In the example given in paragraph (a)(1) of this section of a fringe benefit determination calling for "one week paid vacation after 1 year of service with a contractor or successor", an employee who renders the "one year of service" continuously becomes eligible for the "one week paid vacation" (i.e., 40 hours of paid vacation, unless otherwise specified in an applicable wage determination) upon his anniversary date of employment and upon each succeeding anniversary date thereafter. However, there is no accrual or vesting of vacation eligibility before the employee's anniversary date of employment, and no segment of time smaller than one year need be considered in computing the employer's vacation liability, unless specifically provided for in a particular fringe benefit determination. For example, an employee who has worked 13 months for an employer subject to such stipulations and is separated without receiving any vacation benefit is entitled only to one full week's (40 hours) paid vacation. He would not be entitled to the additional fraction of one-twelfth of one week's paid vacation for the month he worked in the second year unless otherwise stated in the applicable wage determination. An employee who has not met the "one year of service" requirement would not be entitled to any portion of the "one week paid vacation".

(2) Eligibility for vacation benefits specified in a particular wage determination is based on completion of the stated period of past service. The individual employee's anniversary date (and each annual anniversary date of employment thereafter) is the reference point for vesting of vacation eligibility, but does not necessarily mean that the employee must be given the vacation or paid for it on the date on which it is vested. The vacation may be scheduled according to a reasonable plan mutually agreed to and communicated to the employees. A "reasonable" plan may be interpreted to be a plan which allows the employer to maintain uninterrupted contract services but allows the employee some choice, by seniority or similar factor, in the scheduling of vacations. However, the required vacation must be given or payment made in lieu thereof before the next anniversary date, before completion of the current contract, or before the employee terminates employment, whichever occurs first.

(d) *Contractor liability for vacation benefits.* (1) The liability for an employee's vacation is not prorated among contractors unless specifically provided for under a particular fringe benefit determination. The contractor by whom a person is employed at the time the vacation right vests, i.e., on the employee's anniversary date of employment, must provide the full benefit required by the determination which is applicable on that date. For example, an employee, who had not previously performed similar contract work at the same facility, was first hired by a predecessor contractor on July 1, 1978. July 1 is the employee's anniversary date. The predecessor's contract ended June 30, 1979, but the employee continued working on the

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contract for the successor. Since the employee did not have an anniversary date of employment during the predecessor's contract, the predecessor would not have any vacation liability with respect to this employee. However, on July 1, 1979 the employee's entitlement to the full vacation benefit vested and the successor contractor would be liable for the full amount of the employee's vacation benefit.

(2) The requirements for furnishing data relative to employee hiring dates in situations where such employees worked for "predecessor" contractors are set forth in § 4.6. However, a contractor is not relieved from any obligation to provide vacation benefits because of any difficulty in obtaining such data.

(e) *Rate applicable to computation of vacation benefits.* (1) If an applicable wage determination requires that the hourly wage rate be increased during the period of the contract, the rate applicable to the computation of any required vacation benefits is the hourly rate in effect in the workweek in which the actual paid vacation is provided or the equivalent is paid, as the case may be, and would not be the average of the two hourly rates. This rule would not apply to situations where a wage determination specified the method of computation and the rate to be used.

(2) As set forth in § 4.172, unless specified otherwise in an applicable fringe benefit determination, service employees must be furnished the required amount of fringe benefits for all hours paid for up to a maximum of 40 hours per week and 2,080 hours per year. Thus, an employee on paid vacation leave would accrue and must be compensated for any other applicable fringe benefits specified in the fringe benefit determination, and if any of the other benefits are furnished in the form of cash equivalents, such equivalents must be included with the applicable hourly wage rate in computing vacation benefits or a cash equivalent therefor. The rules and regulations for computing cash equivalents are set forth in § 4.177.

§ 4.174 Meeting requirements for holiday fringe benefits.

(a) *Determining eligibility for holiday benefits—in general.* (1) Most fringe benefit determinations list a specific number of named holidays for which payment is required. Unless specified otherwise in an applicable determination, an employee who performs any work during the workweek in which a named holiday occurs is entitled to the holiday benefit, regardless of whether the named holiday falls on a Sunday, another day during the workweek on which the employee is not normally scheduled to work, or on the employee's day off. In addition, holiday benefits cannot be denied because the employee has not been employed by the contractor for a designated period prior to the named holiday or because the employee did not work the day before or the day after the holiday, unless such qualifications are specifically included in the determination.

(2) An employee who performs no work during the workweek in which a named holiday occurs is generally not entitled to the holiday benefit. However, an employee who performs no work during the workweek because he is on paid vacation or sick leave in accordance with the terms of the applicable fringe benefit determination is entitled to holiday pay or another day off with pay to substitute for the named holiday. In addition, an employee who performs no work during the workweek because of a layoff does not forfeit his entitlement to holiday benefits if the layoff is merely a subterfuge by the contractor to avoid the payment of such benefits.

(3) The obligation to furnish holiday pay for the named holiday may be discharged if the contractor furnishes another day off with pay in accordance with a plan communicated to the employees involved. However, in such instances the holidays named in the fringe benefit determination are the reference points for determining whether an employee is eligible to receive holiday benefits. In other words, if an employee worked in a workweek in which a listed holiday occurred, the employee is entitled to pay for that

holiday. Some determinations may provide for a specific number of holidays without naming them. In such instances the contractor is free to select the holidays to be taken in accordance with a plan communicated to the employees involved, and the agreed-upon holidays are the reference points for determining whether an employee is eligible to receive holiday benefits.

(b) *Determining eligibility for holiday benefits—newly hired employees.* The contractor generally is not required to compensate a newly hired employee for the holiday occurring prior to the hiring of the employee. However, in the one situation where a named holiday falls in the first week of a contract, all employees who work during the first week would be entitled to holiday pay for that day. For example, if a contract to provide services for the period January 1 through December 31 contained a fringe benefit determination listing New Year's Day as a named holiday, and if New Year's Day were officially celebrated on January 2 in the year in question because January 1 fell on a Sunday, employees hired to begin work on January 3 would be entitled to holiday pay for New Year's Day.

(c) *Payment of holiday benefits.* (1) A full-time employee who is eligible to receive payment for a named holiday must receive a full day's pay up to 8 hours unless a different standard is used in the fringe benefit determination, such as one reflecting collectively bargained holiday benefit requirements issued pursuant to Section 4(c) of the Act or a different historic practice in an industry or locality. Thus, for example, a contractor must furnish 7 hours of holiday pay to a full-time employee whose scheduled workday consists of 7 hours. An employee whose scheduled workday is 10 hours would be entitled to a holiday payment of 8 hours unless a different standard is used in the determination. As discussed in § 4.172, such holiday pay must include the full amount of other fringe benefits to which the employee is entitled.

(2) Unless a different standard is used in the wage determination, a full-time employee who works on the day designated as a holiday must be paid, in addition to the amount he ordinarily would be entitled to for that day's work, the cash equivalent of a full-day's pay up to 8 hours or be furnished another day off with pay.

(3) If the fringe benefit determination lists the employee's birthday as a paid holiday and that day coincides with another listed holiday, the contractor may discharge his obligation to furnish payment for the second holiday by either substituting another day off with pay with the consent of the employee, furnishing holiday benefits of an extra day's pay, or if the employee works on the holiday in question, furnish holiday benefits of two extra days' pay.

(4) As stated in paragraph (a)(1) of this section, an employee's entitlement to holiday pay fully vests by working in the workweek in which the named holiday occurs. Accordingly, any employee who is terminated before receiving the full amount of holiday benefits due him must be paid the holiday benefits as a final cash payment.

(5) The rules and regulations for furnishing holiday pay to temporary and part-time employees are discussed in § 4.176.

(6) The rules and regulations for furnishing equivalent fringe benefits or cash equivalents in lieu of holiday pay are discussed in § 4.177.

§ 4.175 Meeting requirements for health, welfare, and/or pension benefits.

(a) *Determining the required amount of benefits.* (1) Most fringe benefit determinations containing health and welfare and/or pension requirements specify a fixed payment per hour on behalf of each service employee. These payments are usually also stated as weekly or monthly amounts. As set forth in § 4.172, unless specified otherwise in the applicable determination such payments are due for all hours paid for, including paid vacation, sick leave, and holiday hours, up to a maximum of 40 hours per week and 2,080 hours per year on each contract. The application of this rule can be illustrated by the following examples:

(i) An employee who works 4 days a week, 10 hours a day is entitled to 40 hours of health and welfare and/or

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pension fringe benefits. If an employee works 3 days a week, 12 hours a day, then such employee is entitled to 36 hours of these benefits.

(ii) An employee who works 32 hours in a workweek and also receives 8 hours of holiday pay is entitled to the maximum of 40 hours of health and welfare and/or pension payments in that workweek. If the employee works more than 32 hours and also received 8 hours of holiday pay, the employee is still only entitled to the maximum of 40 hours of health and welfare and/or pension payments.

(iii) If an employee is off work for two weeks on vacation and received 80 hours of vacation pay, the employee must also receive payment for the 80 hours of health and welfare and/or pension benefits which accrue during the vacation period.

(iv) An employee entitled to two weeks paid vacation who instead works the full 52 weeks in the year, receiving the full 2,080 hours worth of health and welfare and/or pension benefits, would be due an extra 80 hours of vacation pay in lieu of actually taking the vacation; however, such an employee would not be entitled to have an additional 80 hours of health and welfare and/or pension benefits included in his vacation pay.

(2) A fringe benefit determination calling for a specified benefit such as health insurance contemplates a fixed and definite contribution to a "bona fide" plan (as that term is defined in § 4.171) by an employer on behalf of each employee, based on the monetary cost to the employer rather than on the level of benefits provided. Therefore, in determining compliance with an applicable fringe benefit determination, the amount of the employer's contribution on behalf of each individual employee governs. Thus, as set forth in § 4.172, if a determination should require a contribution to a plan providing a specified fringe benefit and that benefit can be obtained for less than the required contribution, it would be necessary for the employer to make up the difference in cash to the employee, or furnish equivalent benefits, or a combination thereof. The following illustrates the application of this principle: A fringe benefit determination requires a rate of $36.40 per month per employee for a health insurance plan. The employer obtains the health insurance coverage specified at a rate of $20.45 per month for a single employee, $30.60 for an employee with spouse, and $40.90 for an employee with a family. The employer is required to make up the difference in cash or equivalent benefits to the first two classes of employees in order to satisfy the determination, notwithstanding that coverage for an employee would be automatically changed by the employer if the employee's status should change (e.g., single to married) and notwithstanding that the employer's average contribution per employee may be equal to or in excess of $36.40 per month.

(3) In determining eligibility for benefits under certain wage determinations containing hours or length of service requirements (such as having to work 40 hours in the preceding month), the contractor must take into account time spent by employees on commercial work as well as time spent on the Government contract.

(b) Some fringe benefit determinations specifically provide for health and welfare and/or pension benefits in terms of average cost. Under this concept, a contractor's contributions per employee to a "bona fide" fringe benefit plan are permitted to vary depending upon the individual employee's marital or employment status. However, the firm's total contributions for all service employees enrolled in the plan must average at least the fringe benefit determination requirement per hour per service employee. If the contractor's contributions average less than the amount required by the determination, then the firm must make up the deficiency by making cash equivalent payments or equivalent fringe benefit payments to all service employees in the plan who worked on the contract during the payment period. Where such deficiencies are made up by means of cash equivalent payments, the payments must be made promptly on the following payday. The following illustrates the application of this principle: The determination requires an average contribution of $0.84 an hour. The contractor makes payments to bona fide fringe benefit plans on a monthly basis. During a month the firm contributes $15,000 for the service employees employed on the contract who are enrolled in the plan, and a total of 20,000 man-hours had been worked by all service employees during the month. Accordingly, the firm's average cost would have been $15,000÷20,000 hours or $0.75 per hour, resulting in a deficiency of $0.09 per hour. Therefore, the contractor owes the service employees in the plan who worked on the contract during the month an additional $0.09 an hour for each hour worked on the contract, payable on the next regular payday for wages. Unless otherwise provided in the applicable wage determination, contributions made by the employer for non-service employees may not be credited toward meeting Service Contract Act fringe benefit obligations.

(c) *Employees not enrolled in or excluded from participating in fringe benefit plans.* (1) Some health and welfare and pension plans contain eligibility exclusions for certain employees. For example, temporary and part-time employees may be excluded from participating in such plans. Also, employees receiving benefits through participation in plans of an employer other than the Government contractor or by a spouse's employer may be prevented from receiving benefits from the contractor's plan because of prohibitions against "double coverage". While such exclusions do not invalidate an otherwise bona fide insurance plan, employer contributions to such a plan cannot be considered to be made on behalf of the excluded employees. Accordingly, under fringe benefit determination requirements as described in paragraph (a)(2) of this section, the employees excluded from participation in the health insurance plan must be furnished equivalent bona fide fringe benefits or be paid a cash equivalent payment during the period that they are not eligible to participate in the plan.

(2) It is not required that all employees participating in a fringe benefit plan be entitled to receive benefits from that plan at all times. For example, under some plans, newly hired employees who are eligible to participate in an insurance plan from their first day of employment may be prohibited from receiving benefits from the plan during a specified "waiting period". Contributions made on behalf of such employees would serve to discharge the contractor's obligation to furnish the fringe benefit. However, if no contributions are made for such employees, no credit may be taken toward the contractor's fringe benefit obligations.

(d) *Payment of health and welfare and pension benefits.* (1) Health and welfare and/or pension payments to a "bona fide" insurance plan or trust program may be made on a periodic payment basis which is not less often than quarterly. However, where fringe benefit determinations contemplate a fixed contribution on behalf of each employee, and a contractor exercises his option to make hourly cash equivalent or differential payments, such payments must be made promptly on the regular payday for wages. (See § 4.165.)

(2) The rules and regulations for furnishing health and welfare and pension benefits to temporary and part-time employees are discussed in § 4.176.

(3) The rules and regulations for furnishing equivalent fringe benefits or cash equivalents in lieu of health and welfare and pension benefits are discussed in § 4.177.

§ 4.176 Payment of fringe benefits to temporary and part-time employees.

(a) As set forth in § 4.165(a)(2), the Act makes no distinction, with respect to its compensation provisions, between temporary, part-time, and full-time employees. Accordingly, in the absence of express limitations, the provisions of an applicable fringe benefit determination apply to all temporary and part-time service employees engaged in covered work. However, in general, such temporary and part-time employees are only entitled to an amount of the fringe benefits specified in an applicable determination which is proportionate to the amount of time spent in covered work. The application of these principles may be illustrated by the following examples:

(1) Assuming the paid vacation for full-time employees is one week of 40 hours, a part-time employee working a regularly scheduled workweek of 16 hours is entitled to 16 hours of paid vacation time or its equivalent each year, if all other qualifications are met.

(2) In the case of holidays, a part-time employee working a regularly scheduled workweek of 16 hours would be entitled to two-fifths of the holiday pay due full-time employees. It is immaterial whether or not the holiday falls on a normal workday of the part-time employee. Except as provided in § 4.174(b), a temporary or casual employee hired during a holiday week, but after the holiday, would be due no holiday benefits for that week.

(3) Holiday or vacation pay obligations to temporary and part-time employees working an irregular schedule of hours may be discharged by paying such employees a proportion of the holiday or vacation benefits due full-time employees based on the number of hours each such employee worked in the workweek prior to the workweek in which the holiday occurs or, with respect to vacations, the number of hours which the employee worked in the year preceding the employee's anniversary date of employment. For example:

(i) An employee works 10 hours during the week preceding July 4, a designated holiday. The employee is entitled to 10/40 of the holiday pay to which a full-time employee is entitled (i.e., 10/40 times 8=2 hours holiday pay).

(ii) A part-time employee works 520 hours during the 12 months preceding the employee's anniversary date. Since the typical number of nonovertime hours in a year of work is 2,080, if a full-time employee would be entitled to one week (40 hours) paid vacation under the applicable fringe benefit determination, then the part-time employee would be entitled to 520/2,080 times 40=10 hours paid vacation.

(4) A part-time employee working a regularly scheduled workweek of 20 hours would be entitled to one-half of the health and welfare and/or pension benefits specified in the applicable fringe benefit determination. Thus, if the determination requires $36.40 per month for health insurance, the contractor could discharge his obligation towards the employee in question by providing a health insurance policy costing $18.20 per month.

(b) A contractor's obligation to furnish the specified fringe benefits to temporary and part-time employees may be discharged by furnishing equivalent benefits, cash equivalents, or a combination thereof in accordance with the rules and regulations set forth in § 4.177.

§ 4.177 Discharging fringe benefit obligations by equivalent means.

(a) *In general.* (1) Section 2(a)(2) of the Act, which provides for fringe benefits that are separate from and in addition to the monetary compensation required under section 2(a)(1), permits an employer to discharge his obligation to furnish the fringe benefits specified in an applicable fringe benefit determination by furnishing any equivalent combinations of "bona fide" fringe benefits or by making equivalent or differential payments in cash. However, credit for such payments is limited to the employer's fringe benefit obligations under section 2(a)(2), since the Act does not authorize any part of the monetary wage required by section 2(a)(1) and specified in the wage determination and the contract, to be offset by the fringe benefit payments or equivalents which are furnished or paid pursuant to section 2(a)(2).

(2) When a contractor substitutes fringe benefits not specified in the fringe benefit determination contained in the contract for fringe benefits which are so specified, the substituted fringe benefits, like those for which the contract provisions are prescribed, must be "bona fide" fringe benefits, as that term is defined in § 4.171.

(3) When a contractor discharges his fringe benefit obligation by furnishing, in lieu of those benefits specified in the applicable fringe benefit determination, other "bona fide" fringe benefits, cash payments, or a combination thereof, the substituted fringe benefits and/or cash payments must be "equivalent" to the benefits speci-

fied in the determination. As used in this subpart, the terms "equivalent fringe benefit" and "cash equivalent" mean equal in terms of monetary cost to the contractor. Thus, as set forth in § 4.172, if an applicable fringe benefit determination calls for a particular fringe benefit in a stated amount and the contractor furnished this benefit through contributions in a lesser amount, the contractor must furnish the employee with the difference between the amount stated in the determination and the actual cost of the benefit which the contractor provides. This principle may be illustrated by the example given in § 4.175(a)(2).

(b) *Furnishing equivalent fringe benefits.* (1) A contractor's obligation to furnish fringe benefits which are stated in a specified cash amount may be discharged by furnishing any combination of "bona fide" fringe benefits costing an equal amount. Thus, if an applicable determination specifies that 20 cents per hour is to be paid into a pension fund, this fringe benefit obligation will be deemed to be met if, instead, hospitalization benefits costing not less than 20 cents per hour are provided. The same obligation will be met if hospitalization benefits costing 10 cents an hour and life insurance benefits costing 10 cents an hour are provided. As set forth in § 4.171(c), no benefit required to be furnished the employee by any other law, such as workers' compensation, may be credited toward satisfying the fringe benefit requirements of the Act.

(2) A contractor who wishes to furnish equivalent fringe benefits in lieu of those benefits which are not stated in a specified cash amount, such as "one week paid vacation", must first determine the equivalent cash value of such benefits in accordance with the rules set forth in paragraph (c) of this section.

(c) *Furnishing cash equivalents.* (1) Fringe benefit obligations may be discharged by paying to the employee on his regular payday, in addition to the monetary wage required, a cash amount per hour in lieu of the specified fringe benefits, provided such amount is equivalent to the cost of the fringe benefits required. If, for example, an employee's monetary rate under an applicable determination is $4.50 an hour, and the fringe benefits to be furnished are hospitalization benefits costing 20 cents an hour and retirement benefits costing 20 cents an hour, the fringe benefit obligation is discharged if instead of furnishing the required fringe benefits, the employer pays the employee, in cash, 40 cents per hour as the cash equivalent of the fringe benefits in addition to the $4.50 per hour wage rate required under the applicable wage determination.

(2) The hourly cash equivalent of those fringe benefits which are not stated in the applicable determination in terms of hourly cash amounts may be obtained by mathematical computation through the use of pertinent factors such as the monetary wages paid the employee and the hours of work attributable to the period, if any, by which fringe benefits are measured in the determination. If the employee's regular rate of pay is greater than the minimum monetary wage specified in the wage determination and the contract, the former must be used for this computation, and if the fringe benefit determination does not specify any daily or weekly hours of work by which benefits are to be measured, a standard 8-hour day and 40-hour week will be considered applicable. The application of these rules in typical situations is illustrated in paragraphs (c)(3) through (7) of this section.

(3) Where fringe benefits are stated as a percentage of the monetary rate, the hourly cash equivalent is determined by multiplying the stated percentage by the employees' regular or basic (i.e., wage determination) rate of pay, whichever is greater. For example, if the determination calls for a 5 percent pension fund payment and the employee is paid a monetary rate of $4.50 an hour, or if the employee earns $4.50 an hour on a piece-work basis in a particular workweek, the cash equivalent of that payment would be 22½ cents an hour.

(4) If the determination lists a particular fringe benefit in such terms as $8 a week, the hourly cash equivalent is determined by dividing the amount stated in the determination by the number of working hours to which the amount is attributable. For example, if

a determination lists a fringe benefit as "pension—$8 a week", and does not specify weekly hours, the hourly cash equivalent is 20 cents per hour, i.e., $8 divided by 40, the standard number of non-overtime working hours in a week.

(5) In determining the hourly cash equivalent of those fringe benefits which are not stated in the determination in terms of a cash amount, but are stated, for example, as "nine paid holidays per year" or "1 week paid vacation after one year of service", the employee's hourly monetary rate of pay is multiplied by the number of hours making up the paid holidays or vacation. Unless the hours contemplated in the fringe benefit are specified in the determination, a standard 8-hour day and 40-hour week is considered applicable. The total annual cost so determined is divided by 2,080, the standard number of non-overtime hours in a year of work, to arrive at the hourly cash equivalent. This principle may be illustrated by the following examples:

(i) If a particular determination lists as a fringe benefit "nine holidays per year" and the employee's hourly rate of pay is $4.50, the $4.50 is multiplied by 72 (9 days of 8 hours each) and the result, $324, is then divided by 2,080 to arrive at the hourly cash equivalent, $0.1557 an hour. See § 4.174(c)(4).

(ii) If the determination requires "one week paid vacation after one year of service", and the employee's hourly rate of pay is $4.50, the $4.50 is multiplied by 40 and the result, $180.00, is then divided by 2,080 to arrive at the hourly cash equivalent, $0.0865 an hour.

(6) Where an employer elects to pay an hourly cash equivalent in lieu of a paid vacation, which is computed in accordance with paragraph (c)(5) of this section, such payments need commence only after the employee has satisfied the "after one year of service" requirement. However, should the employee terminate employment for any reason before receiving the full amount of vested vacation benefits due, the employee must be paid the full amount of any difference remaining as the final cash payment. For example, an employee becomes eligible for a week's vacation pay on March 1. The employer elects to pay this employee an hourly cash equivalent beginning that date; the employee terminates employment on March 31. Accordingly, as this employee has received only 1/12 of the vacation pay to which he/she is entitled, the employee is due the remaining 11/12 upon termination. As set forth in § 4.173(e), the rate applicable to the computation of cash equivalents for vacation benefits is the hourly wage rate in effect at the time such equivalent payments are actually made.

(d) *Furnishing a combination of equivalent fringe benefits and cash payments.* Fringe benefit obligations may be discharged by furnishing any combination of cash or fringe benefits as illustrated in the preceding paragraphs of this section, in monetary amounts the total of which is equivalent, under the rules therein stated, to the determined fringe benefits specified in the contract. For example, if an applicable determination specifies that 20 cents per hour is to be paid into a pension fund, this fringe benefit obligation will be deemed to be met if instead, hospitalization benefits costing 15 cents an hour and a cash equivalent payment of 5 cents an hour are provided.

(e) *Effect of equivalents in computing overtime pay.* Section 6 of the Act excludes from the regular or basic hourly rate of an employee, for purposes of determining the overtime pay to which the employee is entitled under any other Federal law, those fringe benefit payments computed under the Act which are excluded from the regular rate under the Fair Labor Standards Act by provisions of section 7(e) (formerly designated as section 7(d)) of that Act (29 U.S.C. 207(e)). Fringe benefit payments which qualify for such exclusion are described in Subpart C of Regulations, 29 CFR Part 778. When such fringe benefits are required to be furnished to service employees engaged in contract performance, the right to compute overtime pay in accordance with the above rule is not lost to a contractor or subcontractor because it discharges its obligation under this Act to furnish such fringe benefits through alternative equivalents as provided in this section. If it furnishes equivalent benefits or makes cash payments, or both, to such an employee as authorized herein, the amounts thereof, which discharge the employer's obligation to furnish such specified fringe benefits, may be excluded pursuant to this Act from the employee's regular or basic rate of pay in computing any overtime pay due the employee under any other Federal law. No such exclusion can operate, however, to reduce an employee's regular or basic rate of pay below the monetary wage rate specified as the applicable minimum wage rates under sections 2(a)(1), 2(b), or 4(c) of this Act or under other law or an employment contract.

§ 4.178 Computation of hours worked.

Since employees subject to the Act are entitled to the minimum compensation specified under its provisions for each hour worked in performance of a covered contract, a computation of their hours worked in each workweek when such work under the contract is performed is essential. Determinations of hours worked will be made in accordance with the principles applied under the Fair Labor Standards Act as set forth in Part 785 of this title which is incorporated herein by reference. In general, the hours worked by an employee include all periods in which the employee is suffered or permitted to work whether or not required to do so, and all time during which the employee is required to be on duty or to be on the employer's premises or to be at a prescribed workplace. The hours worked which are subject to the compensation provisions of the Act are those in which the employee is engaged in performing work on contracts subject to the Act. However, unless such hours are adequately segregated, as indicated in § 4.179, compensation in accordance with the Act will be required for all hours of work in any workweek in which the employee performs any work in connection with the contract, in the absence of affirmative proof to the contrary that such work did not continue throughout the workweek.

§ 4.179 Identification of contract work.

Contractors and subcontractors under contracts subject to the Act are required to comply with its compensation requirements throughout the period of performance on the contract and to do so with respect to all employees who in any workweek are engaged in performing work on such contracts. If such a contractor during any workweek is not exclusively engaged in performing such contracts, or if while so engaged it has employees who spend a portion but not all of their worktime in the workweek in performing work on such contracts, it is necessary for the contractor to identify accurately in its records, or by other means, those periods in each such workweek when the contractor and each such employee performed work on such contracts. In cases where contractors are not exclusively engaged in Government contract work, and there are adequate records segregating the periods in which work was performed on contracts subject to the Act from periods in which other work was performed, the compensation specified under the Act need not be paid for hours spent on non-contract work. However, in the absence of records adequately segregating non-covered work from the work performed on or in connection with the contract, all employees working in the establishment or department where such covered work is performed shall be presumed to have worked on or in connection with the contract during the period of its performance, unless affirmative proof establishing the contrary is presented. Similarly, in the absence of such records, an employee performing any work on or in connection with the contract in a workweek shall be presumed to have continued to perform such work throughout the workweek, unless affirmative proof establishing the contrary is presented. Even where a contractor can segregate Government from non-Government work, it is necessary that the contractor comply with the requirements of section 6(e) of the FLSA discussed in § 4.160.

OVERTIME PAY OF COVERED EMPLOYEES

§ 4.180 Overtime pay—in general.

The Act does not provide for compensation of covered employees at premium rates for overtime hours of work. Section 6 recognizes, however, that other Federal laws may require such compensation to be paid to employees working on or in connection with contracts subject to the Act (see § 4.181) and prescribes, for purposes of such laws, the manner in which fringe benefits furnished pursuant to the Act shall be treated in computing such overtime compensation as follows: "In determining any overtime pay to which such service employees are entitled under any Federal law, the regular or basic hourly rate of such an employee shall not include any fringe benefit payments computed hereunder which are excluded from the regular rate under the Fair Labor Standards Act by provisions of section 7(d) [now section 7(e)] thereof." Fringe benefit payments which qualify for such exclusion are described in Part 778, Subpart C of this title. The interpretations there set forth will be applied in determining the overtime pay to which covered service employees are entitled under other Federal statutes. The effect of section 6 of the Act in situations where equivalent fringe benefits or cash payments are provided in lieu of the specified fringe benefits is stated in § 4.177(e) of this part, and illustrated in § 4.182.

§ 4.181 Overtime pay provisions of other Acts.

(a) *Fair Labor Standards Act.* Although provision has not been made for insertion in Government contracts of stipulations requiring compliance with the overtime provisions of the Fair Labor Standards Act, contractors and subcontractors performing contracts subject to the McNamara-O'Hara Service Contract Act may be required to compensate their employees working on or in connection with such contracts for overtime work pursuant to the overtime pay standards of the Fair Labor Standards Act. This is true with respect to employees engaged in interstate or foreign commerce or in the production of goods for such commerce (including occupations and processes closely related and directly essential to such production) and employees employed in enterprises which are so engaged, subject to the definitions and exceptions provided in such Act. Such employees, except as otherwise specifically provided in such Act, must receive overtime compensation at a rate of not less than 1½ times their regular rate of pay for all hours worked in excess of the applicable standard in a workweek. See Part 778 of this title. However, the Fair Labor Standards Act provides no overtime pay requirements for employees, not within such interstate commerce coverage of the Act, who are subject to its minimum wage provisions only by virtue of the provisions of section 6(e), as explained in § 4.180.

(b) *Contract Work Hours and Safety Standards Act.* (1) The Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332) applies generally to Government contracts, including service contracts in excess of $2,500, which may require or involve the employment of laborers and mechanics. Guards, watchmen, and many other classes of service employees are laborers or mechanics within the meaning of such Act. However, employees rendering only professional services, seamen, and as a general rule those whose work is only clerical or supervisory or nonmanual in nature, are not deemed laborers or mechanics for purposes of the Act. The wages of every laborer or mechanic for performance of work on such contracts must include compensation at a rate not less than 1½ times the employee's basic rate of pay for all hours worked in any workweek in excess of 40. Exemptions are provided for certain transportation and communications contracts, contracts for the purchase of supplies ordinarily available in the open market, and work, required to be done in accordance with the provisions of the Walsh-Healey Act.

(2) Regulations concerning this Act are contained in 29 CFR Part 5 which permit overtime pay to be computed in the same manner as under the Fair Labor Standards Act.

(c) *Walsh-Healey Public Contracts Act.* As pointed out in § 4.117, while some Government contracts may be subject both to the McNamara-O'Hara Service Contract Act and to the Walsh-Healey Public Contracts Act, the employees performing work on the contract which is subject to the latter Act are, when so engaged, exempt from the provisions of the former. They are, however, subject to the overtime provisions of the Walsh-Healey Act if, in any workweek, any of the work performed for the employer is subject to such Act and if, in such workweek, the total hours worked by the employee for the employer (whether wholly or only partly on such work) exceed 40 hours in the workweek. In any such workweek the Walsh-Healey Act requires payment of overtime compensation at a rate not less than 1½ times the employee's basic rate for such weekly overtime hours. The overtime pay provisions of the Walsh-Healey Act are discussed in greater detail in 41 CFR Part 50-201.

[48 FR 49762, Oct. 27, 1983, as amended at 51 FR 12265, Apr. 9, 1986]

§ 4.182 Overtime pay of service employees entitled to fringe benefits.

Reference is made in § 4.180 to the rules prescribed by section 6 of the Act which permit exclusion of certain fringe benefits and equivalents provided pursuant to section 2(a)(2) of the Act from the regular or basic rate of pay when computing overtime compensation of a service employee under the provisions of any other Federal law. As provided in § 4.177, not only those fringe benefits excludable under section 6 as benefits determined and specified under section 2(a)(2), but also equivalent fringe benefits and cash payments furnished in lieu of the specified benefits may be excluded from the regular or basic rate of such an employee. The application of this rule may be illustrated by the following examples:

(a) The A company pays a service employee $4.50 an hour in cash under a wage determination which requires a monetary rate of not less than $4 and a fringe benefit contribution of 50 cents which would qualify for exclusion from the regular rate under section 7(e) of the Fair Labor Standards Act. The contractor pays the 50 cents in cash because he made no contributions for fringe benefits specified in the determination and the contract. Overtime compensation in this case would be computed on a regular or basic rate of $4 an hour.

(b) The B company has for some time been paying $4.25 an hour to a service employee as his basic cash wage plus 25 cents an hour as a contribution to a welfare and pension plan, which contribution qualifies for exclusion from the regular rate under the Fair Labor Standards Act. For performance of work under a contract subject to the Act a monetary rate of $4 and a fringe benefit contribution of 50 cents (also qualifying for such exclusion) are specified because they are found to be prevailing for such employees in the locality. The contractor may credit the 25 cent welfare and pension contribution toward the discharge of his fringe benefit obligation under the contract but must also make an additional contribution of 25 cents for the specified or equivalent fringe benefits or pay the employee an additional 25 cents in cash. These contributions or equivalent payments may be excluded from the employee's regular rate which remains $4.25, the rate agreed upon as the basic cash wage.

(c) The C company has been paying $4 an hour as its basic cash wage on which the firm has been computing overtime compensation. For performance of work on a contract subject to the Act the same rate of monetary wages and a fringe benefit contribution of 50 cents an hour (qualifying for exclusion from the regular rate under the Fair Labor Standards Act) are specified in accordance with a determination that these are the monetary wages and fringe benefits prevailing for such employees in the locality. The contractor is required to continue to pay at least $4 an hour in monetary wages and at least this amount must be included in the employee's regular or basic rate for overtime purposes under applicable Federal law. The fringe benefit obligation under the contract would be discharged if 50 cents of the contributions for fringe benefits were for the fringe benefits specified in the contract or equivalent benefits as defined in § 4.177. The company may exclude such fringe benefit contributions from the regular or basic rate of pay of the service employee in computing overtime pay due.

NOTICE TO EMPLOYEES

§ 4.183 Employees must be notified of compensation required.

The Act, in section 2(a)(4), and the regulations thereunder in § 4.6(e), require all contracts subject to the Act which are in excess of $2,500 to contain a clause requiring the contractor or subcontractor to notify each employee commencing work on a contract to which the Act applies of the compensation required to be paid such employee under section 2(a)(1) and the fringe benefits required to be furnished under section 2(a)(2). A notice form (WH Publication 1313 and any applicable wage determination) provided by the Wage and Hour Division is to be used for this purpose. It may be delivered to the employee or posted as stated in § 4.184.

§ 4.184 Posting of notice.

Posting of the notice provided by the Wage and Hour Division shall be in a prominent and accessible place at the worksite, as required by § 4.6(e). The display of the notice in a place where it may be seen by employees performing on the contract will satisfy the requirement that it be in a "prominent and accessible place". Should display be necessary at more than one site, in order to assure that it is seen by such employees, additional copies of the poster may be obtained without cost from the Division. The contractor or subcontractor is required to notify each employee of the compensation due or attach to the poster any applicable wage determination specified in the contract listing all minimum monetary wages and fringe benefits to be paid or furnished to the classes of service employees performing on the contract.

RECORDS

§ 4.185 Recordkeeping requirements.

The records which a contractor or subcontractor is required to keep concerning employment of employees subject to the Act are specified in § 4.6(g) of Subpart A of this part. They are required to be maintained for 3 years from the completion of the work, and must be made available for inspection and transcription by authorized representatives of the Administrator. Such records must be kept for each service employee performing work under the contract, for each workweek during the performance of the contract. If the required records are not separately kept for the service employees performing on the contract, it will be presumed, in the absence of affirmative proof to the contrary, that all service employees in the department or establishment where the contract was performed were engaged in covered work during the period of performance. (See § 4.179.)

§ 4.186 [Reserved]

Subpart E—Enforcement

§ 4.187 Recovery of underpayments.

(a) The Act, in section 3(a), provides that any violations of any of the contract stipulations required by sections 2(a)(1), 2(a)(2), or 2(b) of the Act, shall render the party responsible liable for the amount of any deductions, rebates, refunds, or underpayments (which includes non-payment) of compensation due to any employee engaged in the performance of the contract. So much of the accrued payments due either on the contract or on any other contract (whether subject to the Service Contract Act or not) between the same contractor and the Government may be withheld in a deposit fund as is necessary to pay the employees. In the case of requirements-type contracts, it is the contracting agency, and not the using agencies, which has the responsibility for complying with a withholding request by the Secretary or authorized representative. The Act further provides that on order of the Secretary (or authorized representatives), any compensation which the head of the Federal agency or the Secretary has found to be due shall be paid directly to the underpaid employees from any accrued payments withheld. In order to effectuate the efficient administration of this provision of the Act, such withheld funds shall be transferred to the Department of Labor for disbursement to the underpaid employees on order of the Secretary or his or her authorized representatives, an Administrative Law Judge, or the Board of Service Contract Appeals, and are not paid directly to such employees by the contracting agency without the express prior consent of the Department of Labor. (See Decision of the Comptroller General, B-170784, February 17, 1971.) It is mandatory for a contracting officer to adhere to a request from the Department of Labor to withhold funds where such funds are available. (See Decision of the Comptroller General, B-109257, October 14, 1952, arising under the Walsh-Healey Act.) Contract funds which are or may become due a contractor under any contract with the United States may be withheld prior to the institution of administrative proceedings by the Secretary. (*McCasland* v. *U.S. Postal Service*, 82 CCH Labor Cases ¶ 33,607 (N.D. N.Y. 1977); *G & H Machinery Co.* v. *Donovan*, 96 CCH Labor Cases ¶34,354 (S.D. Ill. 1982).)

(b) *Priority to withheld funds.* The Comptroller General has afforded employee wage claims priority over an Internal Revenue Service levy for unpaid taxes. (See Decisions of the Comptroller General, B-170784, February 17, 1971; B-189137, August 1, 1977; 56 Comp. Gen. 499 (1977); 55 Comp. Gen. 744 (1976), arising under the Davis-Bacon Act; B-178198, August 30, 1973; B-161460, May 25, 1967.)

(1) As the Comptroller General has stated, "[t]he legislative histories of these labor statutes [Service Contract Act and Contract Work Hours and Safety Standards Act, 41 U.S.C. 327, *et seq.*] disclose a progressive tendency to extend a more liberal interpretation and construction in successive enactments with regard to worker's benefits, recovery and repayment of wage underpayments. Further, as remedial legislation, it is axiomatic that they are to be liberally construed". (Decision of the Comptroller General, B-170784, February 17, 1971.)

(2) Since section 3(a) of the Act provides that accrued contract funds withheld to pay employees wages must be held in a deposit fund, it is the position of the Department of Labor that monies so held may not be used or set aside for agency reprocurement costs. To hold otherwise would be inequitable and contrary to public policy, since the employees have performed work from which the Government has received the benefit (see *National Surety Corporation* v. *U.S.*, 132 Ct. Cl. 724, 728, 135 F. Supp. 381 (1955), cert. denied, 350 U.S. 902), and to give contracting agency reprocurement claims priority would be to require employees to pay for the breach of contract between the employer and the agency. The Comptroller General has sanctioned priority being afforded wage underpayments over the reprocurement costs of the contracting agency following a contractor's default or termination for cause. Decision of the Comptroller General, B-167000, June 26, 1969; B-178198, August 30, 1973; and B-189137, August 1, 1977.

(3) Wage claims have priority over reprocurement costs and tax liens without regard to when the competing claims were raised. See Decisions of the Comptroller General, B-161460, May 25, 1967; B-189137, August 1, 1977.

(4) Wages due workers underpaid on the contract have priority over any assignee of the contractor, including assignments made under the Assignment of Claims Act, 31 U.S.C. 203, 41 U.S.C. 15, to funds withheld under the contract, since an assignee can acquire no greater rights to withheld funds than the assignor has in the absence of an assignment. See *Modern Industrial Bank* v. *U.S.*, 101 Ct. Cl. 808 (1944); *Royal Indemnity Co.* v. *United States*, 178 Ct. Cl. 46, 371 F. 2d 462 (1967), cert. denied, 389 U.S. 833; *Newark Insurance Co.* v. *U.S.*, 149 Ct. Cl. 170, 181 F. Supp. 246 (1960); *Henningsen* v. *United States Fidelity and Guaranty Company*, 208 U.S. 404 (1908). Where employees have been underpaid, the assignor has no right to assign funds since the assignor has no property rights to amounts withheld from the contract to cover underpayments of workers which constitute a violation of the law and the terms, conditions, and obligations under the contract. (Deci-

sion of the Comptroller General, B-164881, August 14, 1968; B-178198, August 30, 1973; 56 Comp. Gen. 499 (1977); 55 Comp. Gen 744 (1976); *The National City Bank of Evansville* v. *United States*, 143 Ct. Cl. 154, 163 F. Supp. 846 (1958); *National Surety Corporation* v. *United States*, 132 Ct. Cl. 724, 135 F. Supp. 381 (1955), cert. denied, 350 U.S. 902.)

(5) The Comptroller General, recognizing that unpaid laborers have an equitable right to be paid from contract retainages, has also held that wage underpayments under the Act have priority over any claim by the trustee in bankruptcy. 56 Comp. Gen. 499 (1977), citing *Pearlman* v. *Reliance Insurance Company*, 371 U.S. 132 (1962); *Hadden* v. *United States*, 132 Ct. Cl. 529 (1955), in which the courts gave priority to sureties who had paid unpaid laborers over the trustee in bankruptcy.

(c) Section 5(b) of the Act provides that if the accrued payments withheld under the terms of the contract are insufficient to reimburse all service employees with respect to whom there has been a failure to pay the compensation required pursuant to the Act, the United States may bring action against the contractor, subcontractor, or any sureties in any court of competent jurisdiction to recover the remaining amount of underpayments. The Service Contract Act is not subject to the statute of limitations in the Portal to Portal Act, 29 U.S.C. 255, and contains no prescribed period within which such an action must be instituted; it has therefore been held that the general period of six years prescribed by 28 U.S.C. 2415 applies to such actions, *United States of America* v. *Deluxe Cleaners and Laundry, Inc.*, 511 F. 2d 929 (C.A. 4, 1975). Any sums thus recovered by the United States shall be held in the deposit fund and shall be paid, on the order of the Secretary, directly to the underpaid employees. Any sum not paid to an employee because of inability to do so within 3 years shall be covered into the Treasury of the United States as miscellaneous receipts.

(d) Releases or waivers executed by employees for unpaid wages and fringe benefits due them are without legal effect. As stated by the Supreme Court in *Brooklyn Savings Bank* v. *O'Neil*, 324 U.S. 697, 704, (1945), arising under the Fair Labor Standards Act:

> "Where a private right is granted in the public interest to effectuate a legislative policy, waiver of a right so charged or colored with the public interest will not be allowed where it would thwart the legislative policy which it was designed to effectuate."

See also *Schulte, Inc.* v. *Gangi*, 328 U.S. 108 (1946); *United States* v. *Morley Construction Company*, 98 F. 2d 781 (C.A. 2, 1938), cert. denied, 305 U.S. 651.

Further, as noted above, monies not paid to employees to whom they are due because of violation are covered into the U.S. Treasury as provided by section 5(b) of the Act.

(e)(1) The term "party responsible" for violations in section 3(a) of the Act is the same term as contained in the Walsh-Healey Public Contracts Act, and therefore, the same principles are applied under both Acts. An officer of a corporation who actively directs and supervises the contract performance, including employment policies and practices and the work of the employees working on the contract, is a party responsible and liable for the violations, individually and jointly with the company (*S & G Coal Sales, Inc.*, Decision of the Hearing Examiner, PC-946, January 21, 1965, affirmed by the Administrator June 8, 1965; *Tennessee Processing Co., Inc.*, Decision of the Hearing Examiner, PC-790, September 28, 1965).

(2) The failure to perform a statutory public duty under the Service Contract Act is not only a corporate liability but also the personal liability of each officer charged by reason of his or her corporate office while performing that duty. *United States* v. *Sancolmar Industries, Inc.*, 347 F. Supp. 404, 408 (E.D. N.Y. 1972). Accordingly, it has been held by administrative decisions and by the courts that the term "party responsible", as used in section 3(a) of the Act, imposes personal liability for violations of any of the contract stipulations required by sections 2(a)(1) and (2) and 2(b) of the Act on corporate officers who control, or are responsible for control of, the corpo-

rate entity, as they, individually, have an obligation to assure compliance with the requirements of the Act, the regulations, and the contracts. See, for example, *Waite, Inc.*, Decision of the ALJ, SCA 530-566, October 19, 1976, *Spruce-Up Corp.*, Decision of the Administrator SCA 368-370, August 19, 1976, *Ventilation and Cleaning Engineers, Inc.*, Decision of the ALJ, SCA 176, August 23, 1973, Assistant Secretary, May 17, 1974, Secretary, September 27, 1974; *Fred Van Elk*, Decision of the ALJ, SCA 254-58, May 28, 1974, Administrator, November 25, 1974; *Murcole, Inc.*, Decision of the ALJ, SCA 195-198, April 11, 1974; *Emile J. Bouchet*, Decision of the ALJ, SCA 38, February 24, 1970; *Darwyn L. Grover*, Decision of the ALJ, SCA 485, August 15, 1976; *United States* v. *Islip Machine Works, Inc.*, 179 F. Supp. 585 (E.D. N.Y. 1959); *United States* v. *Sancolmar Industries, Inc.*, 347 F. Supp. 404 (E.D. N.Y. 1972).

(3) In essence, individual liability attaches to the corporate official who is responsible for, and therefore causes or permits, the violation of the contract stipulations required by the Act, i.e., corporate officers who control the day-to-day operations and management policy are personally liable for underpayments because they cause or permit violations of the Act.

(4) It has also been held that the personal responsibility and liability of individuals for violations of the Act is not limited to the officers of a contracting firm or to signatories to the Government contract who are bound by and accept responsibility for compliance with the Act and imposition of its sanctions set forth in the contract clauses in § 4.6, but includes all persons, irrespective of proprietary interest, who exercise control, supervision, or management over the performance of the contract, including the labor policy or employment conditions regarding the employees engaged in contract performance, and who, by action or inaction, cause or permit a contract to be breached. *U.S.* v. *Islip Machine Works, Inc.*, 179 F. Supp. 585 (E.D. N.Y. 1959); *U.S.* v. *Sancolmar Industries, Inc.*, 347 F. Supp. 404 (E.D. N.Y. 1972); *Oscar Hestrom Corp.*, Decision of the Administrator, PC-257, May 7, 1946, affirmed, *U.S.* v. *Hedstrom*, 8 Wage Hour Cases 302 (N.D. Ill. 1948); *Craddock-Terry Shoe Corp.*, Decision of the Administrator, PC-330, October 3, 1947; *Reynolds Research Corp.*, Decision of the Administrator, PC-381, October 24, 1951; *Etowah Garment Co., Inc.*, Decision of the Hearing Examiner, PC-632, August 9, 1957, Decision of the Administrator, April 29, 1958; *Cardinal Fuel and Supply Co.*, Decision of the Hearing Examiner, PC-890, June 17, 1963.

(5) Reliance on advice from contracting agency officials (or Department of Labor officials without the authority to issue rulings under the Act) is not a defense against a contractor's liability for back wages under the Act. *Standard Fabrication Ltd.*, Decision of the Secretary, PC-297, August 3, 1948; *Airport Machining Corp.*, Decision of the ALJ, PC-1177, June 15, 1973; *James D. West*, Decision of the ALJ, SCA 397-398, November 17, 1975; *Metropolitan Rehabilitation Corp.*, WAB Case No. 78-25, August 2, 1979; *Fry Brothers Corp.*, WAB Case No. 76-6, June 14, 1977.

(f) The procedures for a contractor or subcontractor to dispute findings regarding violations of the Act, including back wage liability or the disposition of funds withheld by the agency for such liability, are contained in Parts 6 and 8 of this Title. Appeals in such matters have not been delegated to the contracting agencies and such matters cannot be appealed under the disputes clause in the contractor's contract.

(g) While the Act provides that action may be brought against a surety to recover underpayments of compensation, there is no statutory provision requiring that contractors furnish either payment or performance bonds before an award can be made. The courts have held, however, that when such a bond has been given, including one denominated as a performance rather than payment bond, and such a bond guarantees that the principal shall fulfill "all the undertakings, covenants, terms, conditions, and agreements" of the contract, or similar words to the same effect, the surety-guarantor is jointly liable for underpayments by the contractor of the wages and fringe benefits required by the Act up to the amount of the bond. *U.S.* v. *Powers Building Maintenance Co.,* 366 F. Supp. 819 (W.D. Okla. 1972); *U.S.* v. *Gillespie,* 72 CCH Labor Cases ¶ 33,986 (C.D. Cal. 1973) *U.S.* v. *Glens Falls Insurance Co.,* 279 F. Supp. 236 (E.D. Tenn. 1967); *United States* v. *Hudgins-Dize Co.,* 83 F. Supp. 593 (E.D. Va. 1949); *U.S.* v. *Continental Casualty Company,* 85 F. Supp. 573 (E.D. Pa. 1949), affirmed per curiam, 182 F.2d 941 (3rd Cir. 1950).

§ 4.188 Ineligibility for further contracts when violations occur.

(a) Section 5 of the Act provides that any person or firm found by the Secretary or the Federal agencies to have violated the Act shall be declared ineligible to receive further Federal contracts unless the Secretary recommends otherwise because of unusual circumstances. It also directs the Comptroller General to distribute a list to all agencies of the Government giving the names of persons or firms that have been declared ineligible. No contract of the United States or the District of Columbia (whether or not subject to the Act) shall be awarded to the persons or firms appearing on this list or to any firm, corporation, partnership, or association in which such persons or firms have a substantial interest until 3 years have elapsed from the date of publication of the list containing the names of such persons or firms. This prohibition against the award of a contract to an ineligible contractor applies to the contractor in its capacity as either a prime contractor or a subcontractor. Because the Act contains no provision authorizing removal from the list of the names of such persons or firms prior to the expiration of the three-year statutory period, the Secretary is without authority to accomplish such removal (other than in situations involving mistake or legal error). On the other hand, there may be situations in which persons or firms already on the list are found in a subsequent administrative proceeding to have again violated the Act and their debarment ordered. In such circumstances, a new, three-year debarment term will commence with the republication of such names on the list.

(b)(1) The term "unusual circumstances" is not defined in the Act. Accordingly, the determination must be made on a case-by-case basis in accordance with the particular facts present. It is clear, however, that the effect of the 1972 Amendments is to limit the Secretary's discretion to relieve violators from the debarred list (H. Rept. 92-1251, 92d Cong., 2d Sess. 5; S. Rept. 92-1131, 92d Cong., 2d Sess. 3-4) and that the violator of the Act has the burden of establishing the existence of unusual circumstances to warrant relief from the debarment sanction, *Ventilation and Cleaning Engineers, Inc.,* SCA-176, Administrative Law Judge, August 23, 1973, Assistant Secretary, May 22, 1974, Secretary, October 2, 1974. It is also clear that unusual circumstances do not include any circumstances which would have been insufficient to relieve a contractor from the ineligible list prior to the 1972 amendments, or those circumstances which commonly exist in cases where violations are found, such as negligent or willful disregard of the contract requirements and of the Act and regulations, including a contractor's plea of ignorance of the Act's requirements where the obligation to comply with the Act is plain from the contract, failure to keep necessary records and the like. *Emerald Maintenance Inc.,* Supplemental Decision of the ALJ, SCA-153, April 5, 1973.

(2) The Subcommittee report following the oversight hearings conducted just prior to the 1972 amendments makes it plain that the limitation of the Secretary's discretion through the unusual circumstances language was designed in part to prevent the Secretary from relieving a contractor from the ineligible list provisions merely because the contractor paid what he was required by his contract to pay in the first place and promised to comply with the Act in the future. See, House Committee on Education and Labor, Special Subcommittee on Labor, The Plight of Service Workers under Government Contracts 12-13 (Comm. Print 1971). As Congressman O'Hara stated: "Restoration * * * [of wages and benefits] is not in and of itself a

penalty. The penalty for violation is the suspension from the right to bid on Government contracts * * *. The authority [to relieve from blacklisting] was intended to be used in situations where the violation was a minor one, or an inadvertent one, or one in which disbarment * * * would have been wholly disproportionate to the offense." House Committee on Education and Labor, Special Subcommittee on Labor, Hearings on H.R. 6244 and H.R. 6245, 92d Cong., 1st Sess. 3 (1971).

(3)(i) The Department of Labor has developed criteria for determining when there are unusual circumstances within the meaning of the Act. See, e.g., *Washington Moving & Storage Co.*, Decision of the Assistant Secretary, SCA 68, August 16, 1973, Secretary, March 12, 1974; *Quality Maintenance Co.*, Decision of the Assistant Secretary, SCA 119, January 11, 1974. Thus, where the respondent's conduct in causing or permitting violations of the Service Contract Act provisions of the contract is willful, deliberate or of an aggravated nature or where the violations are a result of culpable conduct such as culpable neglect to ascertain whether practices are in violation, culpable disregard of whether they were in violation or not, or culpable failure to comply with recordkeeping requirements (such as falsification of records), relief from the debarment sanction cannot be in order. Furthermore, relief from debarment cannot be in order where a contractor has a history of similar violations, where a contractor has repeatedly violated the provisions of the Act, or where previous violations were serious in nature.

(ii) A good compliance history, cooperation in the investigation, repayment of moneys due, and sufficient assurances of future compliance are generally prerequisites to relief. Where these prerequisites are present and none of the aggravated circumstances in the preceding paragraph exist, a variety of factors must still be considered, including whether the contractor has previously been investigated for violations of the Act, whether the contractor has committed recordkeeping violations which impeded the investigation, whether liability was dependent upon resolution of a bona fide legal issue of doubtful certainty, the contractor's efforts to ensure compliance, the nature, extent, and seriousness of any past or present violations, including the impact of violations on unpaid employees, and whether the sums due were promptly paid.

(4) A contractor has an affirmative obligation to ensure that its pay practices are in compliance with the Act, and cannot itself resolve questions which arise, but rather must seek advice from the Department of Labor. *Murcole, Inc.*, Decision of the ALJ, SCA 195-198, April 10, 1974; *McLaughlin Storage, Inc.*, Decision of the ALJ SCA 362-365, November 5, 1975, Administrator, March 25, 1976; *Able Building & Maintenance & Service Co.*, Decision of the ALJ, SCA 389-390, May 29, 1975, Assistant Secretary, January 13, 1976; *Aarid Van Lines, Inc.*, Decision of the Administrator, SCA 423-425, May 13, 1977.

(5) Furthermore, a contractor cannot be relieved from debarment by attempting to shift his/her responsibility to subordinate employees. *Security Systems, Inc.*, Decision of the ALJ, SCA 774-775, April 10, 1978; *Ventilation & Cleaning Engineers, Inc.*, Decision of the Secretary, SCA 176, September 27, 1974; *Ernest Roman*, Decision of the Secretary, SCA 275, May 6, 1977. As the Comptroller General has stated in considering debarment under the Davis-Bacon Act, "[n]egligence of the employer to instruct his employees as to the proper method of performing his work or to see that the employee obeys his instructions renders the employer liable for injuries to third parties resulting therefrom. * * * The employer will be liable for acts of his employee within the scope of the employment regardless of whether the acts were expressly or impliedly authorized. * * * Willful and malicious acts of the employee are imputable to the employer under the doctrine of respondeat superior although they might not have been consented to or expressly authorized or ratified by the employer." (Decision of the Comptroller General, B-145608, August 1, 1961.)

(6) Negligence per se does not constitute unusual circumstances. Relief on no basis other than negligence would render the effect of section 5(a) a nullity, since it was intended that only responsible bidders be awarded Government contracts. *Greenwood's Transfer & Storage, Inc.*, Decision of the Secretary, SCA 321-326, June 1, 1976; *Ventilation & Cleaning Engineers, Inc.*, Decision of the Secretary, SCA 176, September 27, 1974.

(c) Similarly, the term "substantial interest" is not defined in the Act. Accordingly, this determination, too, must be made on a case-by-case basis in light of the particular facts, and cognizant of the legislative intent "to provide to service employees safeguards similar to those given to employees covered by the Walsh-Healey Public Contracts Act". *Federal Food Services, Inc.*, Decision of the ALJ, SCA 585-592, November 22, 1977. Thus, guidance can be obtained from cases arising under the Walsh-Healey Act, which uses the concept "controlling interest". See *Regal Mfg. Co.*, Decision of the Administrator, PC-245, March 1, 1946; *Acme Sportswear Co.*, Decision of the Hearing Examiner, PC-275, May 8, 1946; *Gearcraft, Inc.*, Decision of the ALJ, PCX-1, May 3, 1972. In a supplemental decision of February 23, 1979, in *Federal Food Services, Inc.* the Judge ruled as a matter of law that the term "does not preclude every employment or financial relationship between a party under sanction and another * * * [and that] it is necessary to look behind titles, payments, and arrangements and examine the existing circumstances before reaching a conclusion in this matter."

(1) Where a person or firm has a direct or beneficial ownership or control of more than 5 percent of any firm, corporation, partnership, or association, a "substantial interest" will be deemed to exist. Similarly, where a person is an officer or director in a firm or the debarred firm shares common management with another firm, a "substantial interest" will be deemed to exist. Furthermore, wherever a firm is an affiliate as defined in § 4.1a(g) of Subpart A, a "substantial interest" will be deemed to exist, or where a debarred person forms or participates in another firm in which he/she has comparable authority, he/she will be deemed to have a "substantial interest" in the new firm and such new firm would also be debarred (*Etowah Garment Co., Inc.*, Decision of the Hearing Examiner, PC-632, August 9, 1957).

(2) Nor is interest determined by ownership alone. A debarred person will also be deemed to have a "substantial interest" in a firm if such person has participated in contract negotiations, is a signatory to a contract, or has the authority to establish, control, or manage the contract performance and/or the labor policies of a firm. A "substantial interest" may also be deemed to exist, in other circumstances, after consideration of the facts of the individual case. Factors to be examined include, among others, sharing of common premises or facilities, occupying any position such as manager, supervisor, or consultant to, any such entity, whether compensated on a salary, bonus, fee, dividend, profit-sharing, or other basis of remuneration, including indirect compensation by virtue of family relationships or otherwise. A firm will be particularly closely examined where there has been an attempt to sever an association with a debarred firm or where the firm was formed by a person previously affiliated with the debarred firm or a relative of the debarred person.

(3) Firms with such identity of interest with a debarred person or firm will be placed on the debarred bidders list after the determination is made pursuant to procedures in § 4.12 and Parts 6 and 8 of this title. Where a determination of such "substantial interest" is made after the initiation of the debarment period, contracting agencies are to terminate any contract with such firm entered into after the initiation of the original debarment period since all persons or firms in which the debarred person or firm has a substantial interest were also ineligible to receive Government contracts from the date of publication of the violating person's or firm's name on the debarred bidders list.

§ 4.189 Administrative proceedings relating to enforcement of labor standards.

The Secretary is authorized pursuant to the provisions of section 4(a) of the Act to hold hearings and make decisions based upon findings of fact as are deemed to be necessary to enforce the provisions of the Act. Pursuant to section 4(a) of the Act, the Secretary's findings of fact after notice and hearing are conclusive upon all agencies of the United States and, if supported by the preponderance of the evidence, conclusive in any court of the United States, without a trial de novo. *United States* v. *Powers Building Maintenance Co.*, 336 F. Supp. 819 (W.D. Okla. 1972). Rules of practice for administrative proceedings are set forth in Parts 6 and 8 of this Title.

§ 4.190 Contract cancellation.

(a) As provided in section 3 of the Act, where a violation is found of any contract stipulation, the contract is subject upon written notice to cancellation by the contracting agency, whereupon the United States may enter into other contracts or arrangements for the completion of the original contract, charging any additional cost to the original contractor.

(b) Every contractor shall certify pursuant to § 4.6(n) of Subpart A that it is not disqualified for the award of a contract by virtue of its name appearing on the debarred bidders list or because any such currently listed person or firm has a substantial interest in said contractor, as described in § 4.188. Upon discovery of such false certification or determination of substantial interest in a firm performing on a Government contract, as the case may be, the contract is similarly subject upon written notice to immediate cancellation by the contracting agency and any additional cost for the completion of the contract charged to the original contractor as specified in paragraph (a). Such contract is without warrant of law and has no force and effect and is void ab initio, 33 Comp Gen. 63; Decision of the Comptroller General, B-115051, August 6, 1953. Furthermore, any profit derived from said illegal contract is forfeited (*Paisner* v. *U.S.*, 138 Ct. Cl. 420, 150 F. Supp. 835 (1957), cert. denied, 355 U.S. 941).

§ 4.191 Complaints and compliance assistance.

(a) Any employer, employee, labor or trade organization, contracting agency, or other interested person or organization may report to any office of the Wage and Hour Division (or to any office of the Occupational Safety and Health Administration, in instances involving the safety and health provisions), a violation, or apparent violation, of the Act, or of any of the rules or regulations prescribed thereunder. Such offices are also available to assist or provide information to contractors or subcontractors desiring to insure that their practices are in compliance with the Act. Information furnished is treated confidentially. It is the policy of the Department of Labor to protect the identity of its confidential sources and to prevent an unwarranted invasion of personal privacy. Accordingly, the identity of an employee who makes a confidential written or oral statement as a complaint or in the course of an investigation, as well as portions of the statement which would reveal his identity, will not be disclosed without the prior consent of the employee. Disclosure of employee statements shall be governed by the provisions of the "Freedom of Information Act" (5 U.S.C. 552, see 29 CFR Part 70) and the "Privacy Act of 1974" (5 U.S.C. 552a).

(b) A report of breach or violation relating solely to safety and health requirements may be in writing and addressed to the Regional Administrator of an Occupational Safety and Health Administration Regional Office, U.S. Department of Labor, or to the Assistant Secretary for Occupational Safety and Health, U.S. Department of Labor, Washington, D.C. 20210.

(c) Any other report of breach or violation may be in writing and addressed to the Assistant Regional Administrator of a Wage and Hour Division's regional office, U.S. Department of Labor, or to the Administrator of the Wage and Hour Division, U.S. Department of Labor, Washington, D.C. 20210.

(d) In the event that an Assistant Regional Administrator for the Wage and Hour Division, Employment Standards Administration, is notified of a breach or violation which also involves safety and health standards, the Regional Administrator of the Employment Standards Administration shall notify the appropriate Regional Administrator of the Occupational Safety and Health Administration who shall with respect to the safety and health violation take action commensurate with his responsibilities pertaining to safety and health standards.

(e) Any report should contain the following:

(1) The full name and address of the person or organization reporting the breach or violations.

(2) The full name and address of the person against whom the report is made.

(3) A clear and concise statement of the facts constituting the alleged breach or violation of any of the provisions of the McNamara-O'Hara Service Contract Act, or of any of the rules or regulations prescribed thereunder.

PART 5—LABOR STANDARDS PROVISIONS APPLICABLE TO CONTRACTS COVERING FEDERALLY FINANCED AND ASSISTED CONSTRUCTION (ALSO LABOR STANDARDS PROVISIONS APPLICABLE TO NONCONSTRUCTION CONTRACTS SUBJECT TO THE CONTRACT WORK HOURS AND SAFETY STANDARDS ACT)

Subpart A—Davis-Bacon and Related Acts Provisions and Procedures

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5.28 Unfunded plans.
5.29 Specific fringe benefits.
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5.31 Meeting wage determination obligations.
5.32 Overtime payments.

AUTHORITY: 40 U.S.C. 276a-276a-7; 40 U.S.C. 276c; 40 U.S.C. 327-332; Reorganization Plan No. 14 of 1950, 5 U.S.C. Appendix; 5 U.S.C. 301; and the statutes listed in section 5.1(a) of this part.

SOURCE: 48 FR 19541, Apr. 29, 1983, unless otherwise noted.

Subpart A—Davis-Bacon and Related Acts Provisions and Procedures

SOURCE: 48 FR 19540, Apr. 29, 1983, unless otherwise noted.

§ 5.1 Purpose and scope.

(a) The regulations contained in this part are promulgated under the authority conferred upon the Secretary of Labor by Reorganization Plan No. 14 of 1950 and the Copeland Act in order to coordinate the administration and enforcement of the labor standards provisions of each of the following acts by the Federal agencies responsible for their administration and of such additional statutes as may from time to time confer upon the Secretary of Labor additional duties and responsibilities similar to those conferred upon the Secretary of Labor under Reorganization Plan No. 14 of 1950:

1. The Davis-Bacon Act (sec. 1-7, 46 Stat. 1949, as amended; Pub. L. 74-403, 40 U.S.C. 276a-276a-7).

2. Copeland Act (40 U.S.C. 276c).

3. The Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).

4. National Housing Act (sec. 212 added to c. 847, 48 Stat. 1246, by sec. 14, 53 Stat. 807; 12 U.S.C. 1715c and repeatedly amended).

5. Housing Act of 1950 (college housing) (amended by Housing Act of 1959 to add labor provisions, 73 Stat. 681; 12 U.S.C. 1749a(f)).

6. Housing Act of 1959 (sec. 401(f) of the Housing Act of 1950 as amended by Pub. L. 86-372, 73 Stat. 681; 12 U.S.C. 1701q(c)(3)).

7. Commercial Fisheries Research and Development Act of 1964 (sec. 7, 78 Stat. 199; 16 U.S.C. 779e(b)).

8. Library Services and Construction Act (sec. 7(a), 78 Stat. 13; 20 U.S.C. 355c(a)(4), as amended).

9. National Technical Institute for the Deaf Act (sec. 5(b)(5), 79 Stat. 126; 20 U.S.C. 684(b)(5)).

10. National Foundation on the Arts and Humanities Act of 1965 (sec. 5(k), 79 Stat. 846 as amended; 20 U.S.C. 954(j)).

11. Elementary and Secondary Education Act of 1965 as amended by Elementary and Secondary and other Education Amendments of 1969 (sec. 423 as added by Pub. L. 91-230, title IV, sec. 401(a)(10), 84 Stat. 169, and renumbered sec. 433, by Pub. L. 92-318; title III, sec. 301(a)(1), 86 Stat. 326; 20 U.S.C. 1232(b)). Under the amendment coverage is extended to all programs administered by the Commissioner of Education.

12. The Federal-Aid Highway Acts (72 Stat. 895, as amended by 82 Stat. 821; 23 U.S.C. 113, as amended by the Surface Transportation Assistance Act of 1982, Pub. L. 97-424).

13. Indian Self-Determination and Education Assistance Act (sec. 7, 88 Stat. 2205; 25 U.S.C. 450e).

14. Indian Health Care Improvement Act (sec. 303(b), 90 Stat. 1407; 25 U.S.C. 1633(b)).

15. Rehabilitation Act of 1973 (sec. 306(b)(5) 87 Stat. 384, 29 U.S.C. 776(b)(5)).

16. Comprehensive Employment and Training Act of 1973 (sec. 606, 87 Stat. 880, renumbered sec. 706 by 88 Stat. 1845; 29 U.S.C. 986; also sec. 604, 88 Stat. 1846; 29 U.S.C. 964(b)(3)).

17. State and Local Fiscal Assistance Act of 1972 (sec. 123(a)(6), 86 Stat. 933; 31 U.S.C. 1246(a)(6)).

18. Federal Water Pollution Control Act (sec. 513 of sec. 2, 86 Stat. 894; 33 U.S.C. 1372).

19. Veterans Nursing Home Care Act of 1964 (78 Stat. 502, as amended; 38 U.S.C. 5035(a)(8)).

20. Postal Reorganization Act (sec. 410(b)(4)(C); 84 Stat. 726 as amended; 39 U.S.C. 410(b)(4)(C)).

21. National Visitors Center Facilities Act of 1966 (sec. 110, 32 Stat. 45; 40 U.S.C. 808).

22. Appalachian Regional Development Act of 1965 (sec. 402, 79 Stat. 21; 40 U.S.C. App. 402).

23. Health Services Research, Health Statistics, and Medical Libraries Act of 1974 (sec. 107, see sec. 308(h)(2) thereof, 88 Stat. 370, as amended by 90 Stat. 378; 42 U.S.C. 242m(h)(2)).

24. Hospital Survey and Construction Act, as amended by the Hospital and Medical Facilities Amendments of 1964 (sec. 605(a)(5), 78 Stat. 453; 42 U.S.C. 291e(a)(5)).

25. Health Professions Educational Assistance Act (sec. 303(b), 90 Stat. 2254; 42 U.S.C. 293a(g)(1)(C); also sec. 308a, 90 Stat. 2258, 42 U.S.C. 293a(c)(7)).

26. Nurse Training Act of 1964 (sec. 941(a)(1)(C), 89 Stat. 384; 42 U.S.C. 296a(b)(5)).

27. Heart Disease, Cancer, and Stroke Amendments of 1965 (sec. 904, as added by sec. 2, 79 Stat. 928; 42 U.S.C. 299d(b)(4)).

28. Safe Drinking Water Act (sec. 2(a) see sec. 1450e thereof, 88 Stat. 1691; 42 U.S.C. 300j-9(e)).

29. National Health Planning and Resources Act (sec. 4, see sec. 1604(b)(1)(H), 88 Stat. 2261, 42 U.S.C. 300o-3(b)(1)(H)).

30. U.S. Housing Act of 1937, as amended and recodified (88 Stat. 667; 42 U.S.C. 1437j).

31. Demonstration Cities and Metropolitan Development Act of 1966 (secs. 110, 311, 503, 1003, 80 Stat. 1259, 1270, 1277, 1284; 42 U.S.C. 3310; 12 U.S.C. 1715c; 42 U.S.C. 1437j).

32. Slum clearance program: Housing Act of 1949 (sec. 109, 63 Stat. 419, as amended; 42 U.S.C. 1459).

33. Farm housing: Housing Act of 1964 (adds sec. 516(f) to Housing Act of 1949 by sec. 503, 78 Stat. 797; 42 U.S.C. 1486(f)).

34. Housing Act of 1961 (sec. 707, added by sec. 907, 79 Stat. 496, as amended; 42 U.S.C. 1500c-3).

35. Defense Housing and Community Facilities and Services Act of 1951 (sec. 310, 65 Stat. 307; 42 U.S.C. 1592i).

36. Special Health Revenue Sharing Act of 1975 (sec. 303, see sec. 222(a)(5) thereof, 89 Stat. 324; 42 U.S.C. 2689j(a)(5)).

37. Economic Opportunity Act of 1964 (sec. 607, 78 Stat. 532; 42 U.S.C. 2947).

38. Headstart, Economic Opportunity, and Community Partnership Act of 1974 (sec. 11, see sec. 811 thereof, 88 Stat. 2327; 42 U.S.C. 2992a).

39. Housing and Urban Development Act of 1965 (sec. 707, 79 Stat. 492 as amended; 42 U.S.C. 3107).

40. Older Americans Act of 1965 (sec. 502, Pub. L. 89-73, as amended by sec. 501, Pub. L. 93-29; 87 Stat. 50; 42 U.S.C. 3041a(a)(4)).

41. Public Works and Economic Development Act of 1965 (sec. 712; 79 Stat. 575 as amended; 42 U.S.C. 3222).

42. Juvenile Delinquency Prevention Act (sec. 1, 86 Stat. 536; 42 U.S.C. 3884).

43. New Communities Act of 1968 (sec. 410, 82 Stat. 516; 42 U.S.C. 3909).

44. Urban Growth and New Community Development Act of 1970 (sec. 727(f), 84 Stat. 1803; 42 U.S.C. 4529).

45. Domestic Volunteer Service Act of 1973 (sec. 406, 87 Stat. 410; 42 U.S.C. 5046).

46. Housing and Community Development Act of 1974 (secs. 110, 802(g), 88 Stat. 649, 724; 42 U.S.C. 5310, 1440(g)).

47. Developmentally Disabled Assistance and Bill of Rights Act (sec. 126(4), 89 Stat. 488; 42 U.S.C. 6042(4); title I, sec. 111, 89 Stat. 491; 42 U.S.C. 6033(b)(19)).

48. National Energy Conservation Policy Act (sec. 312, 92 Stat. 3254; 42 U.S.C. 6371j).

49. Public Works Employment Act of 1976 (sec. 109, 90 Stat. 1001; 42 U.S.C. 6708; also sec. 208, 90 Stat. 1008; 42 U.S.C. 6728).

50. Energy Conservation and Production Act (sec. 451(h), 90 Stat. 1168; 42 U.S.C. 6881(h)).

51. Solid Waste Disposal Act (sec. 2, 90 Stat. 2823; 42 U.S.C. 6979).

52. Rail Passenger Service Act of 1970 (sec. 405d, 84 Stat. 1337; 45 U.S.C. 565(d)).

53. Urban Mass Transportation Act of 1964 (sec. 10, 78 Stat. 307; renumbered sec. 13 by 88 Stat. 715; 49 U.S.C. 1609).

54. Highway Speed Ground Transportation Study (sec. 6(b), 79 Stat. 893; 49 U.S.C. 1636(b)).

55. Airport and Airway Development Act of 1970 (sec. 22(b), 84 Stat. 231; 49 U.S.C. 1722(b)).

56. Federal Civil Defense Act of 1950 (50 U.S.C. App. 2281i).

57. National Capital Transportation Act of 1965 (sec. 3(b)(4), 79 Stat. 644; 40 U.S.C. 682(b)(4). NOTE.—Repealed December 9, 1969, and labor standards incorporated in sec. 1-1431 of the District of Columbia Code).

58. Model Secondary School for the Deaf Act (sec. 4, 80 Stat. 1027, Pub. L. 89-694, but not in the United States Code).

59. Delaware River Basin Compact (sec. 15.1, 75 Stat. 714, Pub. L. 87-328) (considered a statute for purposes of the plan but not in the United States Code).

60. Energy Security Act (sec. 175(c), Pub. L. 96-294, 94 Stat. 611; 42 U.S.C. 8701 note).

(b) Part 1 of this subtitle contains the Department's procedural rules governing requests for wage determinations and the issuance and use of such wage determinations under the Davis-Bacon Act and its related statutes as listed in that part.

§ 5.2 Definitions.

(a) The term "Secretary" includes the Secretary of Labor, the Deputy Under Secretary for Employment Standards, and their authorized representatives.

(b) The term "Administrator" means the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, or authorized representative.

(c) The term "Federal agency" means the agency or instrumentality of the United States which enters into the contract or provides assistance through loan, grant, loan guarantee or insurance, or otherwise, to the project subject to a statute listed in § 5.1.

(d) The term "Agency Head" means the principal official of the Federal agency and includes those persons duly authorized to act in the behalf of the Agency Head.

(e) The term "Contracting Officer" means the individual, a duly appointed successor, or authorized representative who is designated and authorized to enter into contracts on behalf of the Federal agency.

(f) The term "labor standards" as used in this part means the requirements of the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act (other than those relating to safety and health), the Copeland Act, and the prevailing wage provisions of the other statutes listed in § 5.1, and the regulations in Parts 1 and 3 of this subtitle and this part.

(g) The term "United States or the District of Columbia" means the United States, the District of Columbia, and all executive departments, independent establishments, administrative agencies, and instrumentalities of the United States and of the District of Columbia, including corporations, all or substantially all of the stock of which is beneficially owned by the United States, by the foregoing departments, establishments, agencies, instrumentalities, and including nonappropriated fund instrumentalities.

(h) The term "contract" means any prime contract which is subject wholly or in part to the labor standards provisions of any of the acts listed in § 5.1 and any subcontract of any tier thereunder, let under the prime contract. A State or local Government is not regarded as a contractor under statutes providing loans, grants, or other Federal assistance in situations where construction is performed by its own employees. However, under statutes requiring payment of prevailing wages to all laborers and mechanics employed on the assisted project, such as the U.S. Housing Act of 1937, State and local recipients of Federal-aid must pay these employees according to Davis-Bacon labor standards.

(i) The terms "building" or "work" generally include construction activity as distinguished from manufacturing, furnishing of materials, or servicing and maintenance work. The terms include without limitation, buildings, structures, and improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, pumping stations, heavy generators, railways, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, dredging, shoring, rehabilitation and reactivation of plants, scaffolding, drilling, blasting, excavating, clearing, and landscaping. The manufacture or furnishing of materials, articles, supplies or equipment (whether or not a Federal or State agency acquires title to such materials, articles, supplies, or equipment during the course of the manufacture or furnishing, or owns the materials from which they are manufactured or furnished) is not a "building" or "work" within the meaning of the regulations in this part unless conducted in connection with and at the site of such a building or work as is described in the foregoing sentence, or under the United States Housing Act of 1937 and the Housing Act of 1949 in the construction or development of the project.

(j) The terms "construction", "prosecution", "completion", or "repair" mean all types of work done on a particular building or work at the site thereof (or, under the United States Housing Act of 1937 and the Housing Act of 1949), all work done in the construction or development of the project, including without limitation, altering, remodeling, installation (where appropriate) on the site of the work of items fabricated off-site, painting and decorating, the transporting of materials and supplies to or from the building or work by the employees of the construction contractor or construction subcontractor, and the manufacturing or furnishing of materials, articles, supplies or equipment on the site of the building or work (or, under the United States Housing Act of 1937 and the Housing Act of 1949, in the construction or development of the project), by persons employed by the contractor or subcontractor.

(k) The term "public building" or "public work" includes building or work, the construction, prosecution, completion, or repair of which, as defined above, is carried on directly by authority of or with funds of a Federal agency to serve the interest of the general public regardless of whether title thereof is in a Federal agency.

(l) The term "site of the work" is defined as follows:

(1) The "site of the work" is limited to the physical place or places where the construction called for in the contract will remain when work on it has been completed and, as discussed in paragraph (l)(2) of this section, other adjacent or nearby property used by the contractor or subcontractor in such construction which can reasonably be said to be included in the "site".

(2) Except as provided in paragraph (l)(3) of this section, fabrication plants, mobile factories, batch plants, borrow pits, job headquarters, tool yards, etc., are part of the "site of the work" provided they are dedicated exclusively, or nearly so, to performance of the contract or project, and are so located in proximity to the actual construction location that it would be reasonable to include them.

(3) Not included in the "site of the work" are permanent home offices, branch plant establishments, fabrication plants, and tool yards of a contractor or subcontractor whose locations and continuance in operation are

determined wholly without regard to a particular Federal or federally assisted contract or project. In addition, fabrication plants, batch plants, borrow pits, job headquarters, tool yards, etc., of a commercial supplier or materialman which are established by a supplier of materials for the project before opening of bids and not on the project site, are not included in the "site of the work". Such permanent, previously established facilities are not a part of the "site of the work", even where the operations for a period of time may be dedicated exclusively, or nearly so, to the performance of a contract.

(m) The term "laborer" or "mechanic" includes at least those workers whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade), as distinguished from mental or managerial. The term "laborer" or "mechanic" includes apprentices, trainees, helpers, and, in the case of contracts subject to the Contract Work Hours and Safety Standards Act, watchmen or guards. The term does not apply to workers whose duties are primarily administrative, executive, or clerical, rather than manual. Persons employed in a bona fide executive, administrative, or professional capacity as defined in Part 541 of this title are not deemed to be laborers or mechanics. Working foremen who devote more than 20 percent of their time during a workweek to mechanic or laborer duties, and who do not meet the criteria of Part 541, are laborers and mechanics for the time so spent.

(n) The terms apprentice and trainee are defined as follows:

(1) "Apprentice" means (i) a person employed and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or with a State Apprenticeship Agency recognized by the Bureau, or (ii) a person in the first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Bureau of Apprenticeship and Training or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice;

(2) "Trainee" means a person registered and receiving on-the-job training in a construction occupation under a program which has been approved in advance by the U.S. Department of Labor, Employment and Training Administration, as meeting its standards for on-the-job training programs and which has been so certified by that Administration.

(3) These provisions do not apply to "apprentices" and "trainees" employed on projects subject to 23 U.S.C. 113 who are enrolled in programs which have been certified by the Secretary of Transportation in accordance with 23 U.S.C. 113(c).

(o) Every person performing the duties of a laborer or mechanic in the construction, prosecution, completion, or repair of a public building or public work, or building or work financed in whole or in part by loans, grants, or guarantees from the United States is "employed" regardless of any contractual relationship alleged to exist between the contractor and such person.

(p) The term "wages" means the basic hourly rate of pay; any contribution irrevocably made by a contractor or subcontractor to a trustee or to a third person pursuant to a bona fide fringe benefit fund, plan, or program; and the rate of costs to the contractor or subcontractor which may be reasonably anticipated in providing bona fide fringe benefits to laborers and mechanics pursuant to an enforceable commitment to carry out a financially responsible plan of program, which was communicated in writing to the laborers and mechanics affected. The fringe benefits enumerated in the Davis-Bacon Act include medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the foregoing; unemployment benefits; life insurance, disability insurance, sickness insurance, or accident insurance; vacation or holiday pay; defraying costs of apprenticeship or other similar programs; or other bona fide fringe benefits. Fringe benefits do not include benefits required by other Federal, State, or local law.

(q) The term "wage determination" includes the original decision and any subsequent decisions modifying, superseding, correcting, or otherwise changing the provisions of the original decision. The application of the wage determination shall be in accordance with the provisions of § 1.6 of this title.

[48 FR 19541, Apr. 29, 1983, as amended at 48 FR 50313, Nov. 1, 1983]

Effective Date Note: On December 23, 1982, the District Court for the District of Columbia issued a permanent injunction with respect to certain provisions of 29 CFR Parts 1, 3, and 5, as published at 47 FR 23644, 23658, 23678, May 28, 1982. Parts 1 and 5 were republished at 48 FR 19532, 19540, Apr. 29, 1983, effective June 28, 1983, implementing only those provisions not enjoined by the court. The provisions of § 5.2(n)(4) were further deferred at 48 FR 19368, Apr. 29, 1983, pending resolution of a Departmental appeal of the District Court ruling. For the convenience of the user, the deferred text of paragraph (n)(4) is set forth below.

§ 5.2 Definitions.

* * * * *

(n) * * *

(4) A "helper" is a semi-skilled worker (rather than a skilled journeyman mechanic) who works under the direction of and assists a journeyman. Under the journeyman's direction and supervision, the helper performs a variety of duties to assist the journeyman such as preparing, carrying and furnishing materials, tools, equipment, and supplies and maintaining them in order; cleaning and preparing work areas; lifting, positioning, and holding materials or tools; and other related, semi-skilled tasks as directed by the journeyman. A helper may use tools of the trade at and under the direction and supervision of the journeyman. The particular duties performed by a helper vary according to area practice.

* * * * *

§§ 5.3–5.4 [Reserved]

§ 5.5 Contract provisions and related matters.

(a) The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of $2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1, the following clauses (or any modifications thereof to meet the particular needs of the agency, *Provided*, That such modifications are first approved by the Department of Labor):

(1) *Minimum wages.* (i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be

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paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: *Provided,* That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(ii)(A) The contracting officer shall require that any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The contracting officer shall approve an additional classification and wage rate and fringe benefits therefor only when the following criteria have been met:

(*1*) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(*2*) The classification is utilized in the area by the construction industry; and

(*3*) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the contracting officer agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the contracting officer to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the contracting officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the contracting officer shall refer the questions, including the views of all interested parties and the recommendation of the contracting officer, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (1)(B) or (C) of this paragraph, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, *Provided,* That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) *Withholding.* The (write in name of Federal Agency or the loan or grant recipient) shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) *Payrolls and basic records.* (i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate Federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under § 5.5(a)(3)(i) of Regulations, 29 CFR Part 5. This information may be submitted in any form desired. Optional Form WH-347 is available for this purpose and may be purchased from the Superintendent of Documents (Federal Stock Number 029-005-00014-1), U.S. Government Printing Office, Washington, D.C. 20402.The prime contractor is responsible for the submission of copies of payrolls by all subcontractors.

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(*1*) That the payroll for the payroll period contains the information required to be maintained under § 5.5(a)(3)(i) of Regulations, 29 CFR Part 5 and that such information is correct and complete;

(*2*) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR Part 3;

(*3*) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 231 of Title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the (write the name of the agency) or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) *Apprentices and trainees*—(i) *Apprentices.* Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or with a State Apprenticeship Agency recognized by the Bureau, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Bureau of Apprenticeship and Training or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage deter-

mination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Bureau of Apprenticeship and Training, or a State Apprenticeship Agency recognized by the Bureau, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) *Trainees.* Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) *Equal employment opportunity.* The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

(5) *Compliance with Copeland Act requirements.* The contractor shall comply with the requirements of 29 CFR Part 3, which are incorporated by reference in this contract.

(6) *Subcontracts.* The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a) (1) through (10) and such other clauses as the (write in the name of the Federal agency) may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) *Contract termination: debarment.* A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) *Compliance with Davis-Bacon and Related Act requirements.* All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are herein in-

corporated by reference in this contract.

(9) *Disputes concerning labor standards.* Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

(10) *Certification of eligibility.* (i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

(b) *Contract Work Hours and Safety Standards Act.* The Agency Head shall cause or require the contracting officer to insert the following clauses set forth in paragraphs (b)(1), (2), (3), and (4) of this section in full in any contract subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by § 5.5(a) or § 4.6 of Part 4 of this title. As used in this paragraph, the terms "laborers" and "mechanics" include watchmen and guards.

(1) *Overtime requirements.* No contractor or subcontractor contracting for any part of the conract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) *Violation; liability for unpaid wages; liquidated damages.* In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (b)(1) of this section, in the sum of $10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (b)(1) of this section.

(3) *Withholding for unpaid wages and liquidated damages.* The (write in the name of the Federal agency or the loan or grant recipient) shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) *Subcontracts.* The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this sec-

tion and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (b)(1) through (4) of this section.

(c) In addition to the clauses contained in paragraph (b), in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in § 5.1, the Agency Head shall cause or require the contracting officer to insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Agency Head shall cause or require the contracting officer to insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

(The information collection, recordkeeping, and reporting requirements contained in the following paragraphs of this section were approved by the Office of Management and Budget:

Paragraph	OMB Control Number
(a)(1)(ii)(B)	1215–0140
(a)(1)(ii)(C)	1215–0140
(a)(1)(iv)	1215–0140
(a)(3)(i)	1215–0140, 1215–0017
(a)(3)(ii)(A)	1215–0149
(c)	1215–0140, 1215–0017

[48 FR 19540, Apr. 29, 1983, as amended at 51 FR 12265, Apr. 9, 1986]

EFFECTIVE DATE NOTE: On December 23, 1982, the District Court for the District of Columbia issued a permanent injunction with respect to certain provisions of 29 CFR Parts 1, 3, and 5, as published at 47 FR 23644, 23658, 23678, May 28, 1982. Parts 1 and 5 were republished at 48 FR 19532, 19540, Apr. 29, 1983, effective June 28, 1983, implementing only those provisions not enjoined by the court. The provisions of § 5.5 (a)(1)(ii)(A), (3)(ii) and (iii), and (4)(iv) were further deferred at 48 FR 19368, Apr. 29, 1983, pending resolution of a Departmental appeal of the District Court ruling. For the convenience of the user, the deferred text of paragraphs (a)(1)(ii)(A), (3)(ii) and (iii), and (4)(iv) is set forth below.

§ 5.5 Contract provisions and related matters.

(a) * * *

(1) * * *

(ii)(A) The contracting officer shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The contracting officer shall approve an additional classification and wage rate and fringe benefits therefor only when the following criteria have been met:

(*1*) Except with respect to helpers as defined in 29 CFR 5.2(n)(4), work to be performed by the classification requested is not performed by a classification in the wage determination; and

(*2*) The classification is utilized in the area by the construction industry; and

(*3*) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

* * * * *

(3) * * *

(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a "Statement of Compliance" to the (write in name of appropriate Federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the "Statement of Compliance" to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). The prime contractor is responsible for the submission

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of the "Statement of Compliance" by all subcontractors.

(B) Each "Statement of Compliance" shall be signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(*1*) That the payroll for the payroll period contains the information required to be maintained under § 5.5(a)(3)(i) of Regulations, 29 CFR Part 5 and that such information is correct and complete;

(*2*) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR Part 3;

(*3*) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 231 of Title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the (write the name of the agency) or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. In addition, the contractor or subcontractor shall submit the required payroll records upon request of authorized representatives of the (write the name of the agency) or the Department of Labor. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4)* * *

(iv) *Helpers.* Helpers will be permitted to work on a project if the helper classification is specified on an applicable wage determination or is approved pursuant to the conformance procedure set forth in § 5.5(a)(1)(ii). The allowable ratio of helpers to journeymen employed by the contractor or subcontractor on the job site shall not be greater than two helpers for every three journeymen (in other words, not more than 40 percent of the total number of journeymen and helpers in each contractor's or in each subcontractor's own work force employed on the job site). Any worker listed on a payroll at a helper wage rate, who is not a helper as defined in 29 CFR 5.2(n)(4), shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any helper performing work on the job site in excess of the ratio permitted shall be paid not less than the applicable journeyman's (or laborer's, where appropriate) wage rate on the wage determination for the work actually performed.

* * * * *

§ 5.6 Enforcement.

(a)(1) It shall be the responsibility of the Federal agency to ascertain whether the clauses required by § 5.5 have been inserted in the contracts subject to the labor standards provisions of the Acts contained in § 5.1. Agencies which do not directly enter into such contracts shall promulgate the necessary regulations or procedures to require the recipient of the Federal assistance to insert in its contracts the provisions of § 5.5. No payment, advance, grant, loan, or guarantee of funds shall be approved by the Federal agency unless the agency insures that the clauses required by § 5.5 and the appropriate wage determination of the Secretary of Labor are contained in such contracts. Furthermore, no payment, advance, grant, loan, or guarantee of funds shall be approved by the Federal agency after the beginning of construction unless there is on file with the agency a certification by the contractor that the contractor and its subcontractors have complied with the provisions of § 5.5 or unless there is on file with the agency a certification by the contractor that there is a substantial dispute with respect to the required provisions.

(2) Payrolls and Statements of Compliance submitted pursuant to § 5.5(a)(3)(ii) shall be preserved by the Federal agency for a period of 3 years from the date of completion of the contract and shall be produced at the request of the Department of Labor at any time during the 3-year period.

(3) The Federal agency shall cause such investigations to be made as may be necessary to assure compliance with the labor standards clauses required by § 5.5 and the applicable statutes listed in § 5.1. Investigations shall be made of all contracts with such frequency as may be necessary to assure compliance. Such investigations shall include interviews with employees, which shall be taken in confidence, and examinations of payroll data and evidence of registration and certification with respect to apprenticeship and training plans. In making such examinations, particular care shall be taken to determine the correctness of classifications and to determine whether there is a disproportionate employment of laborers and of apprentices or trainees registered in approved programs. Such investigations shall also include evidence of fringe benefit plans and payments thereunder. Complaints of alleged violations shall be given priority.

(4) In accordance with normal operating procedures, the contracting agency may be furnished various investigatory material from the investigation files of the Department of Labor. None of the material, other than computations of back wages and liquidated damages and the summary of back wages due, may be disclosed in any manner to anyone other than Federal officials charged with administering the contract or program providing Federal assistance to the contract, without requesting the permission and views of the Department of Labor.

(5) It is the policy of the Department of Labor to protect the identity of its confidential sources and to prevent an unwarranted invasion of personal privacy. Accordingly, the identity of an employee who makes a written or oral statement as a complaint or in the course of an investigation, as well as portions of the statement which would reveal the employee's identity, shall not be disclosed in any manner to anyone other than Federal officials without the prior consent of the employee.
Disclosure of employee statements shall be governed by the provisions of the "Freedom of Information Act" (5 U.S.C. 552, see 29 CFR Part 70) and the "Privacy Act of 1974" (5 U.S.C. 552a).

(b) The Administrator shall cause to be made such investigations as deemed necessary, in order to obtain compliance with the labor standards provisions of the applicable statutes listed in § 5.1, or to affirm or reject the recommendations by the Agency Head with respect to labor standards matters arising under the statutes listed in § 5.1. Federal agencies, contractors, subcontractors, sponsors, applicants, or owners shall cooperate with any authorized representative of the Department of Labor in the inspection of records, in interviews with workers, and in all other aspects of the investigations. The findings of such an investigation, including amounts found due, may not be altered or reduced without the approval of the Department of Labor. Where the underpayments disclosed by such an investigation total $1,000 or more, where there is reason to believe that the violations are aggravated or willful (or, in the case of the Davis-Bacon Act, that the contractor has disregarded its obligations to employees and subcontractors), or where liquidated damages may be assessed under the Contract Work Hours and Safety Standards Act, the Department of Labor will furnish the Federal agency an enforcement report detailing the labor standards violations disclosed by the investigation and any action taken by the contractor to correct the violative practices, including any payment of back wages. In other circumstances, the Federal agency will be furnished a letter of notification summarizing the findings of the investigation.

EFFECTIVE DATE NOTE: On December 23, 1982, the District Court for the District of Columbia issued a permanent injunction with respect to certain provisions of 29 CFR Parts 1, 3, and 5, as published at 47 FR 23644, 23658, 23678, May 28, 1982. Parts 1 and 5 were republished at 48 FR 19532, 19540, Apr. 29, 1983, effective June 28, 1983, implementing only those provisions not enjoined by the court. The provisions of § 5.6 (a)(2) and (3) were further deferred at 48 FR 19368, Apr. 29, 1983, pending resolution of a Departmental appeal of the District Court ruling. For the convenience of the user, the deferred text of paragraphs (a)(2) and (3) is set forth below.

§ 5.6 Enforcement.

(a) * * *

(2) Statements of Compliance submitted pursuant to § 5.5(a)(3)(ii) shall be preserved by the Federal agency for a period of 3 years from the date of completion of the contract and shall be produced at the request of the Department of Labor at any time during the 3-year period.

(3) The Federal agency shall cause such investigations to be made as may be necessary to assure compliance with the labor standards clauses required by § 5.5 and the applicable statutes listed in § 5.1. Investigations shall be made of all contracts with such frequency as may be necessary to assure compliance. Such investigations shall include interviews with employees, which shall be taken in confidence, and examinations of payroll data and evidence of registration and certification with respect to apprenticeship and training plans. Requests for submission of payrolls as provided in § 5.5(a)(3)(iii) shall be made only in conjunction with specific compliance checks or enforcement actions. In making such examinations, particular care shall be taken to determine the correctness of classifications and to determine whether there is a disproportionate employment of laborers, of helpers where they are listed on the wage determination or conformed under § 5.5(a)(1)(ii), and of apprentices or trainees registered in approved programs. Such investigations shall also include evidence of fringe benefit plans and payments thereunder. Complaints of alleged violations shall be given priority.

* * * * *

§ 5.7 Reports to the Secretary of Labor.

(a) *Enforcement reports.* (1) Where underpayments by a contractor or subcontractor total less than $1,000, and where there is no reason to believe that the violations are aggravated or willful (or, in the case of the Davis-Bacon Act that the contractor has disregarded its obligations to employees and subcontractors), and where restitution has been effected and future compliance assured, the Federal agency need not submit its investigative findings and recommendations to the Administrator, unless the investigation was made at the request of the Department of Labor. In the latter case, the Federal agency shall submit a factual summary report detailing any violations including any data on the amount of restitution paid, the number of workers who received restitution, liquidated damages assessed under the Contract Work Hours and Safety Standards Act, corrective measures taken (such as "letters of notice"), and any information that may be necessary to review any recommendations for an appropriate adjustment in liquidated damages under § 5.8.

(2) Where underpayments by a contractor or subcontractor total $1,000 or more, or where there is reason to believe that the violations are aggravated or willful (or, in the case of the Davis-Bacon Act, that the contractor has disregarded its obligations to employees and subcontractors), the Federal agency shall furnish within 60 days after completion of its investigation, a detailed enforcement report to the Administrator.

(b) *Semi-annual enforcement reports.* To assist the Secretary in fulfilling the responsibilities under Reorganization Plan No. 14 of 1950, Federal agencies shall furnish to the Administrator by April 30 and October 31 of each calendar year semi-annual reports on compliance with and enforcement of the labor standards provisions of the Davis-Bacon Act and its related acts covering the periods of October 1 through March 31 and April 1 through September 30, respectively. Such reports shall be prepared in the manner prescribed in memoranda issued to Federal agencies by the Administrator. This report has been cleared in accordance with FPMR 101-11.11 and assigned interagency report control number 1482-DOL-SA.

(c) *Additional information.* Upon request, the Agency Head shall transmit to the Administrator such information available to the Agency with respect to contractors and subcontractors, their contracts, and the nature of the contract work as the Administrator may find necessary for the performance of his or her duties with respect to the labor standards provisions referred to in this part.

(d) *Contract termination.* Where a contract is terminated by reason of violations of the labor standards provisions of the statutes listed in § 5.1, a report shall be submitted promptly to the Administrator and to the Comptroller General (if the contract is subject to the Davis-Bacon Act), giving the name and address of the contractor or subcontractor whose right to proceed has been terminated, and the name and address of the contractor or subcontractor, if any, who is to complete the work, the amount and number of the contract, and the description of the work to be performed.

§ 5.8 Liquidated damages under the Contract Work Hours and Safety Standards Act.

(a) The Contract Work Hours and Safety Standards Act requires that laborers or mechanics shall be paid wages at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in any workweek. In the event of violation of this provision, the contractor and any subcontractor shall be liable for the unpaid wages and in addition for liquidated damages, computed with respect to each laborer or mechanic employed in violation of the Act in the amount of $10 for each calendar day in the workweek on which such individual was required or permitted to work in excess of forty hours without payment of required overtime wages. Any contractor of subcontractor aggrieved by the withholding of liquidated damages shall have the right to appeal to the head of the agency of the United States (or the territory of District of Columbia, as appropriate) for which the contract work was performed or for which financial assistance was provided.

(b) *Findings and recommendations of the Agency Head.* The Agency Head has the authority to review the administrative determination of liquidated damages and to issue a final order affirming the determination. It is not necessary to seek the concurrence of the Administrator but the Administrator shall be advised of the action taken. Whenever the Agency Head finds that a sum of liquidated damages administratively determined to be due is incorrect or that the contractor or subcontractor violated inadvertently the provisions of the Act notwithstanding the exercise of due care upon the part of the contractor or subcontractor involved, and the amount of the liquidated damages computed for the contract is in excess of $500, the Agency Head may make recommendations to the Secretary that an appropriate adjustment in liquidated damages be made or that the contractor or subcontractor be relieved of liability for such liquidated damages. Such findings with respect to liquidated damages shall include findings with respect to any wage underpayments for which the liquidated damages are determined.

(c) The recommendations of the Agency Head for adjustment or relief from liquidated damages under paragraph (a) of this section shall be reviewed by the Administrator or an authorized representative who shall issue an order concurring in the recommendations, partially concurring in the recommendations, or rejecting the recommendations, and the reasons therefor. The order shall be the final decision of the Department of Labor, unless a petition for review is filed pursuant to Part 7 of this title, and the Wage Appeals Board in its discretion reviews such decision and order; or, with respect to contracts subject to the Service Contract Act, unless petition for review is filed pursuant to Part 8 of this title, and the Board of Service Contract Appeals in its discretion reviews such decision and order.

(d) Whenever the Agency Head finds that a sum of liquidated damages administratively determined to be due under section 104(a) of the Contract Work Hours and Safety Standards Act for a contract is $500 or less and the Agency Head finds that the sum of liquidated damages is incorrect or that the contractor or subcontractor violated inadvertently the provisions of the Contract Work Hours and Safety Standards Act notwithstanding the exercise of due care upon the part of the contractor or subcontractor involved, an appropriate adjustment may be made in such liquidated damages or the contractor or subcontractor may be relieved of liability for such liquidated damages without submitting recommendations to this effect or a report to the Department of Labor. This delegation of authority is made under section 105 of the Contract

Work Hours and Safety Standards Act and has been found to be necessary and proper in the public interest to prevent undue hardship and to avoid serious impairment of the conduct of Government business.

[48 FR 19541, Apr. 29, 1983, as amended at 51 FR 12265, Apr. 9, 1986; 51 FR 13496, Apr. 21, 1986]

§ 5.9 Suspension of funds.

In the event of failure or refusal of the contractor or any subcontractor to comply with the labor standards clauses contained in § 5.5 and the applicable statutes listed in § 5.1, the Federal agency, upon its own action or upon written request of an authorized representative of the Department of Labor, shall take such action as may be necessary to cause the suspension of the payment, advance or guarantee of funds until such time as the violations are discontinued or until sufficient funds are withheld to compensate employees for the wages to which they are entitled and to cover any liquidated damages which may be due.

§ 5.10 Restitution, criminal action.

(a) In cases other than those forwarded to the Attorney General of the United States under paragraph (b), of this section, where violations of the labor standards clauses contained in § 5.5 and the applicable statutes listed in § 5.1 result in underpayment of wages to employees, the Federal agency or an authorized representative of the Department of Labor shall request that restitution be made to such employees or on their behalf to plans, funds, or programs for any type of bona fide fringe benefits within the meaning of section 1(b)(2) of the Davis-Bacon Act.

(b) In cases where the Agency Head or the Administrator finds substantial evidence that such violations are willful and in violation of a criminal statute, the matter shall be forwarded to the Attorney General of the United States for prosecution if the facts warrant. In all such cases the Administrator shall be informed simultaneously of the action taken.

§ 5.11 Disputes concerning payment of wages.

(a) This section sets forth the procedure for resolution of disputes of fact or law concerning payment of prevailing wage rates, overtime pay, or proper classification. The procedures in this section may be initiated upon the Administrator's own motion, upon referral of the dispute by a Federal agency pursuant to § 5.5(a)(9), or upon request of the contractor or subcontractor(s).

(b)(1) In the event of a dispute described in paragraph (a) of this section in which it appears that relevant facts are at issue, the Administrator will notify the affected contractor and subcontractor(s) (if any), by registered or certified mail to the last known address, of the investigation findings. If the Administrator determines that there is reasonable cause to believe that the contractor and/or subcontractor(s) should also be subject to debarment under the Davis-Bacon Act or § 5.12(a)(1), the letter will so indicate.

(2) A contractor and/or subcontractor desiring a hearing concerning the Administrator's investigative findings shall request such a hearing by letter postmarked within 30 days of the date of the Administrator's letter. The request shall set forth those findings which are in dispute and the reasons therefor, including any affirmative defenses, with respect to the violations and/or debarment, as appropriate.

(3) Upon receipt of a timely request for a hearing, the Administrator shall refer the case to the Chief Administrative Law Judge by Order of Reference, to which shall be attached a copy of the letter from the Administrator and response thereto, for designation of an Administrative Law Judge to conduct such hearings as may be necessary to resolve the disputed matters. The hearing shall be conducted in accordance with the procedures set forth in 29 CFR Part 6.

(c)(1) In the event of a dispute described in paragraph (a) of this section in which it appears that there are no relevant facts at issue, and where there is not at that time reasonable cause to institute debarment proceedings under § 5.12, the Administrator shall notify the contractor and subcontractor(s) (if any), by registered or certified mail to the last known address, of the investigation findings, and shall issue a ruling on any issues of law known to be in dispute.

(2)(i) If the contractor and/or subcontractor(s) disagree with the factual findings of the Administrator or believe that there are relevant facts in dispute, the contractor or subcontractor(s) shall so advise the Administrator by letter postmarked within 30 days of the date of the Administrator's letter. In the response, the contractor and/or subcontractor(s) shall explain in detail the facts alleged to be in dispute and attach any supporting documentation.

(ii) Upon receipt of a response under paragraph (c)(2)(i) of this section alleging the existence of a factual dispute, the Administrator shall examine the information submitted. If the Administrator determines that there is a relevant issue of fact, the Administrator shall refer the case to the Chief Administrative Law Judge in accordance with paragraph (b)(3) of this section. If the Administrator determines that there is no relevant issue of fact, the Administrator shall so rule and advise the contractor and subcontractor(s) (if any) accordingly.

(3) If the contractor and/or subcontractor(s) desire review of the ruling issued by the Administrator under paragraph (c)(1) or (2) of this section, the contractor and/or subcontractor(s) shall file a petition for review thereof with the Wage Appeals Board within 30 days of the date of the ruling, with a copy thereof the Administrator. The petition for review shall be filed in accordance with Part 7 of this title.

(d) If a timely response to the Administrator's findings or ruling is not made or a timely petition for review is not filed, the Administrator's findings and/or ruling shall be final, except that with respect to debarment under the Davis-Bacon Act, the Administrator shall advise the Comptroller General of the Administrator's recommendation in accordance with § 5.12(a)(1). If a timely response or petition for review is filed, the findings and/or ruling of the Administrator shall be inoperative unless and until the decision is upheld by the Administrative Law Judge or the Wage Appeals Board.

§ 5.12 Debarment proceedings.

(a)(1) Whenever any contractor or subcontractor is found by the Secretary of Labor to be in aggravated or willful violation of the labor standards provisions of any of the applicable statutes listed in § 5.1 other than the Davis-Bacon Act, such contractor or subcontractor or any firm, corporation, partnership, or association in which such contractor or subcontractor has a substantial interest shall be ineligible for a period not to exceed 3 years (from the date of publication by the Comptroller General of the name or names of said contractor or subcontractor on the ineligible list as provided below) to receive any contracts or subcontracts subject to any of the statutes listed in § 5.1.

(2) In cases arising under contracts covered by the Davis-Bacon Act, the Administrator shall transmit to the Comptroller General the names of the contractors or subcontractors and their responsible officers, if any (and any firms in which the contractors or subcontractors are known to have an interest), who have been found to have disregarded their obligations to employees, and the recommendation of the Secretary of Labor or authorized representative regarding debarment. The Comptroller General will distribute a list to all Federal agencies giving the names of such ineligible person or firms, who shall be ineligible to be awarded any contract or subcontract of the United States or the District of Columbia and any contract or subcontract subject to the labor standards provisions of the statutes listed in § 5.1.

(b)(1) In addition to cases under which debarment action is initiated pursuant to § 5.11, whenever as a result of an investigation conducted by the Federal agency or the Department of Labor, and where the Administrator finds reasonable cause to believe that a contractor or subcontractor has committed willful or aggravated violations of the labor standards provisions of any of the statutes listed in § 5.1 (other than the Davis-Bacon Act), or has committed violations of the Davis-Bacon Act which constitute a disregard of its obligations to employees or subcontractors under section 3(a) thereof, the Administrator shall notify by registered or certified mail to the last known address, the contractor or subcontractor and its responsible officers, if any (and any firms in which the contractor or subcontractor are known to have a substantial interest), of the finding. The Administrator shall afford such contractor or subcontractor and any other parties notified an opportunity for a hearing as to whether debarment action should be taken under paragraph (a)(1) of this section or section 3(a) of the Davis-Bacon Act. The Administrator shall furnish to those notified a summary of the investigative findings. If the contractor or subcontractor or any other parties notified wish to request a hearing as to whether debarment action should be taken, such a request shall be made by letter postmarked within 30 days of the date of the letter from the Administrator, and shall set forth any findings which are in dispute and the reasons therefor, including any affirmative defenses to be raised. Upon receipt of such request for a hearing, the Administrator shall refer the case to the Chief Administrative Law Judge by Order of Reference, to which shall be attached a copy of the letter from the Administrator and the response thereto, for designation of an Administrative Law Judge to conduct such hearings as may be necessary to determine the matters in dispute. In considering debarment under any of the statutes listed in § 5.1 other than the Davis-Bacon Act, the Administrative Law Judge shall issue an order concerning whether the contractor or subcontractor is to be debarred in accordance with paragraph (a)(1) of this section. In considering debarment under the Davis-Bacon Act, the Administrative Law Judge shall issue a recommendation as to whether the contractor or subcontractor should be debarred under section 3(a) of the Act.

(2) Hearings under this section shall be conducted in accordance with 29 CFR Part 6. If no hearing is requested within 30 days of receipt of the letter from the Administrator, the Administrator's findings shall be final, except with respect to recommendations regarding debarment under the Davis-Bacon Act, as set forth in paragraph (a)(2) of this section.

(c) Any person or firm debarred under § 5.12(a)(1) may in writing request removal from the debarment list after six months from the date of publication by the Comptroller General of such person or firm's name on the ineligible list. Such a request should be directed to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210, and shall contain a full explanation of the reasons why such person or firm should be removed from the ineligible list. In cases where the contractor or subcontractor failed to make full restitution to all underpaid employees, a request for removal will not be considered until such underpayments are made. In all other cases, the Administrator will examine the facts and circumstances surrounding the violative practices which caused the debarment, and issue a decision as to whether or not such person or firm has demonstrated a current responsibility to comply with the labor standards provisions of the statutes listed in § 5.1, and therefore should be removed from the ineligible list. Among the factors to be considered in reaching such a decision are the severity of the violations, the contractor or subcontractor's attitude towards compliance, and the past compliance history of the firm. In no case will such removal be effected unless the Administrator determines after an investigation that such person or firm is in compliance with the labor standards provisions applicable to Federal contracts and Federally assisted construction work subject to any of the applicable statutes listed in § 5.1 and other labor statutes providing wage protection, such as the Service Contract Act, the Walsh-Healey Public Contracts Act, and the Fair Labor Standards Act. If the request for removal is denied, the person or firm may petition for review by the

Wage Appeals Board pursuant to 29 CFR Part 7.

(d)(1) Section 3(a) of the Davis-Bacon Act provides that for a period of three years from date of publication on the ineligible list, no contract shall be awarded to any persons or firms placed on the list as a result of a finding by the Comptroller General that such persons or firms have disregarded obligations to employees and subcontractors under that Act, and further, that no contract shall be awarded to "any firm, corporation, partnership, or association in which such persons or firms have an interest." Paragraph (a)(1) of this section similarly provides that for a period not to exceed three years from date of publication on the ineligible list, no contract subject to any of the statutes listed in § 5.1 shall be awarded to any contractor or subcontractor on the ineligible list pursuant to that paragraph, or to "any firm, corporation, partnership, or association" in which such contractor or subcontractor has a "substantial interest." A finding as to whether persons or firms whose names appear on the ineligible list have an interest (or a substantial interest, as appropriate) in any other firm, corporation, partnership, or association, may be made through investigation, hearing, or otherwise.

(2)(i) The Administrator, on his/her own motion or after receipt of a request for a determination pursuant to paragraph (d)(3) of this section may make a finding on the issue of interest (or substantial interest, as appropriate).

(ii) If the Administrator determines that there may be an interest (or substantial interest, as appropriate), but finds that there is insufficient evidence to render a final ruling thereon, the Administrator may refer the issue to the Chief Administrative Law Judge in accordance with paragraph (d)(4) of this section.

(iii) If the Administrator finds that no interest (or substantial interest, as appropriate) exists, or that there is not sufficient information to warrant the initiation of an investigation, the requesting party, if any, will be so notified and no further action taken.

(iv)(A) If the Administrator finds that an interest (or substantial interest, as appropriate) exists, the person or firm affected will be notified of the Administrator's finding (by certified mail to the last known address), which shall include the reasons therefor, and such person or firm shall be afforded an opportunity to request that a hearing be held to render a decision on the issue.

(B) Such person or firm shall have 20 days from the date of the Administrator's ruling to request a hearing. A detailed statement of the reasons why the Administrator's ruling is in error, including facts alleged to be in dispute, if any, shall be submitted with the request for a hearing.

(C) If no hearing is requested within the time mentioned in paragraph (d)(2)(iv)(B) of this section, the Administrator's finding shall be final and the Administrator shall so notify the Comptroller General. If a hearing is requested, the ruling of the Administrator shall be inoperative unless and until the administrative law judge or the Wage Appeals Board issues an order that there is an interest (or substantial interest, as appropriate).

(3)(i) A request for a determination of interest (or substantial interest, as appropriate), may be made by any interested party, including contractors or prospective contractors and associations of contractor's representatives of employees, and interested Government agencies. Such a request shall be submitted in writing to the Administrator, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210.

(ii) The request shall include a statement setting forth in detail why the petitioner believes that a person or firm whose name appears on the debarred bidders list has an interest (or a substantial interest, as appropriate) in any firm, corporation, partnership, or association which is seeking or has been awarded a contract of the United States or the District of Columbia, or which is subject to any of the statutes listed in § 5.1. No particular form is prescribed for the submission of a request under this section.

(4) *Referral to the Chief Administrative Law Judge.* The Administrator, on his/her own motion under paragraph (d)(2)(ii) of this section or upon a request for hearing where the Administrator determines that relevant facts are in dispute, will by order refer the issue to the Chief Administrative Law Judge, for designation of an Administrative Law Judge who shall conduct such hearings as may be necessary to render a decision solely on the issue of interest (or substantial interest, as appropriate). Such proceedings shall be conducted in accordance with the procedures set forth at 29 CFR Part 6.

(5) *Referral to the Wage Appeals Board.* If the person or firm affected requests a hearing and the Administrator determines that relevant facts are not in dispute, the Administrator will refer the issue and the record compiled thereon to the Wage Appeals Board to render a decision solely on the issue of interest (or substantial interest, as appropriate). Such proceeding shall be conducted in accordance with the procedures set forth at 29 CFR Part 7.

[48 FR 19541, Apr. 29, 1983, as amended at 48 FR 50313, Nov. 1, 1983]

§ 5.13 Rulings and interpretations.

All questions relating to the application and interpretation of wage determinations (including the classifications therein) issued pursuant to Part 1 of this subtitle, of the rules contained in this part and in Parts 1 and 3, and of the labor standards provisions of any of the statutes listed in § 5.1 shall be referred to the Administrator for appropriate ruling or interpretation. The rulings and interpretations shall be authoritative and those under the Davis-Bacon Act may be relied upon as provided for in section 10 of the Portal-to-Portal Act of 1947 (29 U.S.C. 259). Requests for such rulings and interpretations should be addressed to the Administrator, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210.

§ 5.14 Variations, tolerances, and exemptions from Parts 1 and 3 of this subtitle and this part.

The Secretary of Labor may make variations, tolerances, and exemptions from the regulatory requirements of this part and those of Parts 1 and 3 of this subtitle whenever the Secretary finds that such action is necessary and proper in the public interest or to prevent injustice and undue hardship. Variations, tolerances, and exemptions may not be made from the statutory requirements of any of the statutes listed in § 5.1 unless the statute specifically provides such authority.

§ 5.15 Limitations, variations, tolerances, and exemptions under the Contract Work Hours and Safety Standards Act.

(a) *General.* Upon his or her own initiative or upon the request of any Federal agency, the Secretary of Labor may provide under section 105 of the Contract Work Hours and Safety Standards Act reasonable limitations and allow variations, tolerances, and exemptions to and from any or all provisions of that Act whenever the Secretary finds such action to be necessary and proper in the public interest to prevent injustice, or undue hardship, or to avoid serious impairment of the conduct of Government business. Any request for such action by the Secretary shall be submitted in writing, and shall set forth the reasons for which the request is made.

(b) *Exemptions.* Pursuant to section 105 of the Contract Work Hours and Safety Standards Act, the following classes of contracts are found exempt from all provisions of that Act in order to prevent injustice, undue hardship, or serious impairment of Government business:

(1) Contracts of $2,000.00 or less.

(2) Purchases and contracts other than construction contracts in the aggregate amount of $2,500.00 or less. In arriving at the aggregate amount involved, there must be included all property and services which would properly be grouped together in a single transaction and which would be included in a single advertisement for bids if the procurement were being effected by formal advertising.

(3) Contract work performed in a workplace within a foreign country or within territory under the jurisdiction of the United States other than the following: A State of the United States; the District of Columbia; Puerto Rico; the Virgin Islands; Outer Continental Shelf lands defined in the Outer Continental Shelf Lands Act (ch. 345, 67 Stat. 462); American Samoa; Guam; Wake Island; Eniwetok Atoll; Kwajalein Atoll; and Johnston Island.

(4) Agreements entered into by or on behalf of the Commodity Credit Corporation providing for the storing in or handling by commercial warehouses of wheat, corn, oats, barley, rye, grain sorghums, soybeans, flaxseed, rice, naval stores, tobacco, peanuts, dry beans, seeds, cotton, and wool.

(5) Sales of surplus power by the Tennessee Valley Authority to States, counties, municipalities, cooperative organization of citizens or farmers, corporations and other individuals pursuant to section 10 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831l).

(c) *Tolerances.* (1) The "basic rate of pay" under section 102 of the Contract Work Hours and Safety Standards Act may be computed as an hourly equivalent to the rate on which time-and-one-half overtime compensation may be computed and paid under section 7 of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 207), as interpreted in Part 778 of this title. This tolerance is found to be necessary and proper in the public interest in order to prevent undue hardship.

(2) Concerning the tolerance provided in paragraph (c)(1) of this section, the provisions of section 7(d)(2) of the Fair Labor Standards Act and § 778.7 of this title should be noted. Under these provisions, payments for occasional periods when no work is performed, due to vacations, and similar causes are excludable from the "regular rate" under the Fair Labor Standards Act. Such payments, therefore, are also excludable from the "basic rate" under the Contract Work Hours and Safety Standards Act.

(3) See § 5.8(c) providing a tolerance subdelegating authority to the heads of agencies to make appropriate adjustments in the assessment of liquidated damages totaling $500 or less under specified circumstances.

(4)(i) Time spent in an organized program of related, supplemental instruction by laborers or mechanics employed under bona fide apprenticeship or training programs may be excluded from working time if the criteria prescribed in paragraphs (c)(4)(ii) and (iii) of this section are met.

(ii) The apprentice or trainee comes within the definition contained in § 5.2(n).

(iii) The time in question does not involve productive work or performance of the apprentice's or trainee's regular duties.

(d) *Variations.*(1) In the event of failure or refusal of the contractor or any subcontractor to comply with overtime pay requirements of the Contract Work Hours and Safety Standards Act, if the funds withheld by Federal agencies for the violations are not sufficient to pay fully both the unpaid wages due laborers and mechanics and the liquidated damages due the United States, the available funds shall be used first to compensate the laborers and mechanics for the wages to which they are entitled (or an equitable portion thereof when the funds are not adequate for this purpose); and the balance, if any, shall be used for the payment of liquidated damages.

(2) In the performance of any contract entered into pursuant to the provisions of 38 U.S.C. 620 to provide nursing home care of veterans, no contractor or subcontractor under such contract shall be deemed in violation of section 102 of the Contract Work Hours and Safety Standards Act by virtue of failure to pay the overtime wages required by such section for work in excess of 40 hours in the workweek to any individual employed by an establishment which is an institution primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises if, pursuant to an agreement or understanding arrived at between the employer and the employee before performance of the work, a work period of 14 consecutive days is accepted in lieu of the workweek of 7 consecutive days for the purpose of overtime com-

pensation and if such individual receives compensation for employment in excess of 8 hours in any workday and in excess of 80 hours in such 14-day period at a rate not less than 1½ times the regular rate at which the individual is employed, computed in accordance with the requirements of the Fair Labor Standards Act of 1938, as amended.

(3) Any contractor or subcontractor performing on a government contract the principal purpose of which is the furnishing of fire fighting or suppression and related services, shall not be deemed to be in violation of Section 102 of the Contract Work Hour and Safety Standards Act for failing to pay the overtime compensation required by section 102 of the Act in accordance with the basic rate of pay as defined in paragraph (c)(1) of this section, to any pilot or copilot of a fixed-wing or rotary-wing aircraft employed on such contract if:

(i) Pursuant to a written employment agreement between the contractor and the employee which is arrived at before performance of the work.

(A) The employee receives gross wages of not less than $300 per week regardless of the total number of hours worked in any workweek, and

(B) Within any workweek the total wages which an employee receives are not less than the wages to which the employee would have been entitled in that workweek if the employee were paid the minimum hourly wage required under the contract pursuant to the provisions of the Service Contract Act of 1965 and any applicable wage determination issued thereunder for all hours worked, plus an additional premium payment of one-half times such minimum hourly wage for all hours worked in excess of 40 hours in the workweek;

(ii) The contractor maintains accurate records of the total daily and weekly hours of work performed by such employee on the government contract. In the event these conditions for the exemption are not met, the requirements of section 102 of the Contract Work Hours and Safety Standards Act shall be applicable to the contract from the date the contractor or subcontractor fails to satisfy the conditions until completion of the contract.

(The recordkeeping requirements contained in paragraph (d)(2) of this section were approved by the Office of Management and Budget under OMB control numbers 1215-0140 and 1215-0017 and paragraph (d)(3)(ii) under 1215-0017.)

[48 FR 19541, Apr. 29, 1983, as amended at 51 FR 12265, Apr. 9, 1986]

§ 5.16 Training plans approved or recognized by the Department of Labor prior to August 20, 1975.

(a) Notwithstanding the provisions of § 5.5(a)(4)(ii) relating to the utilization of trainees on Federal and federally assisted construction, no contractor shall be required to obtain approval of a training program which, prior to August 20, 1975, was approved by the Department of Labor for purposes of the Davis-Bacon and Related Acts, was established by agreement of organized labor and management and therefore recognized by the Department, and/or was recognized by the Department under Executive Order 11246, as amended. A copy of the program and evidence of its prior approval, if applicable shall be submitted to the Employment and Training Administration, which shall certify such prior approval or recognition of the program. In every other respect, the provisions of § 5.5(a)(4)(ii)—including those relating to registration of trainees, permissible ratios, and wage rates to be paid—shall apply to these programs.

(b) Every trainee employed on a contract executed on and after August 20, 1975, in one of the above training programs must be individually registered in the program in accordance with Employment and Training Administration procedures, and must be paid at the rate specified in the program for the level of progress. Any such employee listed on the payroll at a trainee rate who is not registered and participating in a program certified by ETA pursuant to this section, or approved and certified by ETA pursuant to § 5.5(a)(4)(ii), must be paid the wage rate determined by the Secretary of Labor for the classification of work actually performed. The ratio of trainees to journeymen shall not be greater than permitted by the terms of the program.

(c) In the event a program which was recognized or approved prior to August 20, 1975, is modified, revised, extended, or renewed, the changes in the program or its renewal must be approved by the Employment and Training Administration before they may be placed into effect.

§ 5.17 Withdrawal of approval of a training program.

If at any time the Employment and Training Administration determines, after opportunity for a hearing, that the standards of any program, whether it is one recognized or approved prior to August 20, 1975, or a program subsequently approved, have not been complied with, or that such a program fails to provide adequate training for participants, a contractor will no longer be permitted to utilize trainees at less than the predetermined rate for the classification of work actually performed until an acceptable program is approved.

Subpart B—Interpretation of the Fringe Benefits Provisions of the Davis-Bacon Act

SOURCE: 29 FR 13465, Sept. 30, 1964, unless otherwise noted.

§ 5.20 Scope and significance of this subpart.

The 1964 amendments (Pub. L. 88-349) to the Davis-Bacon Act require, among other things, that the prevailing wage determined for Federal and federally-assisted construction include: (a) The basic hourly rate of pay; and (b) the amount contributed by the contractor or subcontractor for certain fringe benefits (or the cost to them of such benefits). The purpose of this subpart is to explain the provisions of these amendments. This subpart makes available in one place official interpretations of the fringe benefits provisions of the Davis-Bacon Act. These interpretations will guide the Department of Labor in carrying out its responsibilities under these provisions. These interpretations are intended also for the guidance of contractors, their associations, laborers and mechanics and their organizations, and local, State and Federal agencies, who may be concerned with these provisions of the law. The interpretations contained in this subpart are authoritative and may be relied upon as provided for in section 10 of the Portal-to-Portal Act of 1947 (29 U.S.C. 359). The omission to discuss a particular problem in this subpart or in interpretations supplementing it should not be taken to indicate the adoption of any position by the Secretary of Labor with respect to such problem or to constitute an administrative interpretation, practice, or enforcement policy. Questions on matters not fully covered by this subpart may be referred to the Secretary for interpretation as provided in § 5.12.

§ 5.21 [Reserved]

§ 5.22 Effect of the Davis-Bacon fringe benefits provisions.

The Davis-Bacon Act and the prevailing wage provisions of the related statutes listed in § 1.1 of this subtitle confer upon the Secretary of Labor the authority to predetermine, as minimum wages, those wage rates found to be prevailing for corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the area in which the work is to be performed. See paragraphs (a) and (b) of § 1.2 of this subtitle. The fringe benefits amendments enlarge the scope of this authority by including certain bona fide fringe benefits within the meaning of the terms "wages", "scale of wages", "wage rates", "minimum wages" and "prevailing wages", as used in the Davis-Bacon Act.

§ 5.23 The statutory provisions.

The fringe benefits provisions of the 1964 amendments to the Davis-Bacon Act are, in part, as follows:

> (b) As used in this Act the term "wages", "scale of wages", "wage rates", "minimum wages", and "prevailing wages" shall include—
>
> (1) The basic hourly rate of pay; and
>
> (2) The amount of—
>
> (A) The rate of contribution irrevocably made by a contractor or subcontractor to a

trustee or to a third person pursuant to a fund, plan, or program; and

(B) The rate of costs to the contractor or subcontractor which may be reasonably anticipated in providing benefits to laborers and mechanics pursuant to an enforceable commitment to carry out a financially responsible plan or program which was communicated in writing to the laborers and mechanics affected,

for medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the foregoing, for unemployment benefits, life insurance, disability and sickness insurance, or accident insurance, for vacation and holiday pay, for defraying costs of apprenticeship or other similar programs, or for other bona fide fringe benefits, but only where the contractor or subcontractor is not required by other Federal, State, or local law to provide any of such benefits * * *.

§ 5.24 The basic hourly rate of pay.

"The basic hourly rate of pay" is that part of a laborer's or mechanic's wages which the Secretary of Labor would have found and included in wage determinations prior to the 1964 amendments. The Secretary of Labor is required to continue to make a separate finding of this portion of the wage. In general, this portion of the wage is the cash payment made directly to the laborer or mechanic. It does not include fringe benefits.

§ 5.25 Rate of contribution or cost for fringe benefits.

(a) Under the amendments, the Secretary is obligated to make a separate finding of the rate of contribution or cost of fringe benefits. Only the amount of contributions or costs for fringe benefits which meet the requirements of the act will be considered by the Secretary. These requirements are discussed in this subpart.

(b) The rate of contribution or cost is ordinarily an hourly rate, and will be reflected in the wage determination as such. In some cases, however, the contribution or cost for certain fringe benefits may be expressed in a formula or method of payment other than an hourly rate. In such cases, the Secretary may in his discretion express in the wage determination the rate of contribution or cost used in the formula or method or may convert it to an hourly rate of pay whenever he finds that such action would facilitate the administration of the Act. See § 5.5(a)(1)(i) and (iii).

§ 5.26 "* * * contribution irrevocably made * * * to a trustee or to a third person".

Under the fringe benefits provisions (section 1(b)(2) of the Act) the amount of contributions for fringe benefits must be made to a trustee or to a third person irrevocably. The "third person" must be one who is not affiliated with the contractor or subcontractor. The trustee must assume the usual fiduciary responsibilities imposed upon trustees by applicable law. The trust or fund must be set up in such a way that in no event will the contractor or subcontractor be able to recapture any of the contributions paid in or any way divert the funds to his own use or benefit. Although contributions made to a trustee or third person pursuant to a benefit plan must be irrevocably made, this does not prevent return to the contractor or subcontractor of sums which he had paid in excess of the contributions actually called for by the plan, as where such excess payments result from error or from the necessity of making payments to cover the estimated cost of contributions at a time when the exact amount of the necessary contributions under the plan is not yet ascertained. For example, a benefit plan may provide for definite insurance benefits for employees in the event of the happening of a specified contingency such as death, sickness, accident, etc., and may provide that the cost of such definite benefits, either in full or any balance in excess of specified employee contributions, will be borne by the contractor or subcontractor. In such a case the return by the insurance company to the contractor or subcontractor of sums paid by him in excess of the amount required to provide the benefits which, under the plan, are to be provided through contributions by the contractor or subcontractor, will not be deemed a recapture or diversion by the employer of contributions made pursuant to the plan. (See Report of the Senate Committee on Labor and

Public Welfare, S. Rep. No. 963, 88th Cong., 2d Sess., p. 5.)

§ 5.27 "* * * fund, plan, or program".

The contributions for fringe benefits must be made pursuant to a fund, plan or program (sec. 1(b)(2)(A) of the act). The phrase "fund, plan, or program" is merely intended to recognize the various types of arrangements commonly used to provide fringe benefits through employer contributions. The phrase is identical with language contained in section 3(1) of the Welfare and Pension Plans Disclosure Act. In interpreting this phrase, the Secretary will be guided by the experience of the Department in administering the latter statute. (See Report of Senate Committee on Labor and Public Welfare, S. Rep. No. 963, 88th Cong., 2d Sess., p. 5.)

§ 5.28 Unfunded plans.

(a) The costs to a contractor or subcontractor which may be reasonably anticipated in providing benefits of the types described in the act pursuant to an enforceable commitment to carry out a financially responsible plan or program, are considered fringe benefits within the meaning of the act (see 1(b)(2)(B) of the act). The legislative history suggests that these provisions were intended to permit the consideration of fringe benefits meeting, among others, these requirements and which are provided from the general assets of a contractor or subcontractor. (Report of the House Committee on Education and Labor, H. Rep. No. 308, 88th Cong., 1st Sess., p. 4.)

(b) No type of fringe benefit is eligible for consideration as a so-called unfunded plan unless:

(1) It could be reasonably anticipated to provide benefits described in the act;

(2) It represents a commitment that can be legally enforced;

(3) It is carried out under a financially responsible plan or program; and

(4) The plan or program providing the benefits has been communicated in writing to the laborers and mechanics affected. (See S. Rep. No. 963, p. 6.)

(c) It is in this manner that the act provides for the consideration of unfunded plans or programs in finding prevailing wages and in ascertaining compliance with the Act. At the same time, however, there is protection against the use of this provision as a means of avoiding the act's requirements. The words "reasonably anticipated" are intended to require that any unfunded plan or program be able to withstand a test which can perhaps be best described as one of actuarial soundness. Moreover, as in the case of other fringe benefits payable under the act, an unfunded plan or program must be "bona fide" and not a mere simulation or sham for avoiding compliance with the act. (See S. Rep. No. 963, p. 6.) The legislative history suggests that in order to insure against the possibility that these provisions might be used to avoid compliance with the act, the committee contemplates that the Secretary of Labor in carrying out his responsibilities under Reorganization Plan No. 14 of 1950, may direct a contractor or subcontractor to set aside in an account assets which, under sound actuarial principles, will be sufficient to meet the future obligation under the plan. The preservation of this account for the purpose intended would, of course, also be essential. (S. Rep. No. 963, p. 6.) This is implemented by the contractual provisions required by § 5.5(a)(1)(iv).

§ 5.29 Specific fringe benefits.

(a) The act lists all types of fringe benefits which the Congress considered to be common in the construction industry as a whole. These include the following: medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the foregoing, unemployment benefits, life insurance, disability and sickness insurance, or accident insurance, vacation and holiday pay, defrayment of costs of apprenticeship or other similar programs, or other bona fide fringe benefits, but only where the contractor or subcontractor is not required by other Federal, State, or local law to provide any of such benefits.

(b) The legislative history indicates that it was not the intent of the Congress to impose specific standards relating to administration of fringe benefits. It was assumed that the majority of fringe benefits arrangements of this nature will be those which are administered in accordance with requirements of section 302(c)(5) of the National Labor Relations Act, as amended (S. Rep. No. 963, p. 5).

(c) The term "other bona fide fringe benefits" is the so-called "open end" provision. This was included so that new fringe benefits may be recognized by the Secretary as they become prevailing. It was pointed out that a particular fringe benefit need not be recognized beyond a particular area in order for the Secretary to find that it is prevailing in that area. (S. Rep. No. 963, p. 6).

(d) The legislative reports indicate that, to insure against considering and giving credit to any and all fringe benefits, some of which might be illusory or not genuine, the qualification was included that such fringe benefits must be "bona fide" (H. Rep. No. 308, p. 4; S. Rep. No. 963, p. 6). No difficulty is anticipated in determining whether a particular fringe benefit is "bona fide" in the ordinary case where the benefits are those common in the construction industry and which are established under a usual fund, plan, or program. This would be typically the case of those fringe benefits listed in paragraph (a) of this section which are funded under a trust or insurance program. Contractors may take credit for contributions made under such conventional plans without requesting the approval of the Secretary of Labor under § 5.5(a)(1)(iv).

(e) Where the plan is not of the conventional type described in the preceding paragraph, it will be necessary for the Secretary to examine the facts and circumstances to determine whether they are "bona fide" in accordance with requirements of the act. This is particularly true with respect to unfunded plans. Contractors or subcontractors seeking credit under the act for costs incurred for such plans must request specific permission from the Secretary under § 5.5(a)(1)(iv).

(f) The act excludes fringe benefits which a contractor or subcontractor is obligated to provide under other Federal, State, or local law. No credit may be taken under the act for the payments made for such benefits. For example, payment for workmen's compensation insurance under either a compulsory or elective State statute are not considered payments for fringe benefits under the Act. While each situation must be separately considered on its own merits, payments made for travel, subsistence or to industry promotion funds are not normally payments for fringe benefits under the Act. The omission in the Act of any express reference to these payments, which are common in the construction industry, suggests that these payments should not normally be regarded as bona fide fringe benefits under the Act.

§ 5.30 Types of wage determinations.

(a) When fringe benefits are prevailing for various classes of laborers and mechanics in the area of proposed construction, such benefits are includable in any Davis-Bacon wage determination. Illustrations, contained in paragraph (c) of this section, demonstrate some of the different types of wage determinations which may be made in such cases.

(b) Wage determinations of the Secretary of Labor under the act do not include fringe benefits for various classes of laborers and mechanics whenever such benefits do not prevail in the area of proposed construction. When this occurs the wage determination will contain only the basic hourly rates of pay, that is only the cash wages which are prevailing for the various classes of laborers and mechanics. An illustration of this situation is contained in paragraph (c) of this section.

(c) Illustrations:

Classes	Basic hourly rates	Fringe benefits payments				
		Health and welfare	Pensions	Vacations	Apprenticeship program	Others
Laborers	$3.25					
Carpenters	4.00	$0.15				
Painters	3.90	.15	$0.10	$0.20		
Electricians	4.85	.10	.15			
Plumbers	4.95	.15	.20		$0.05	
Ironworkers	4.60			.10		

(It should be noted this format is not necessarily in the exact form in which determinations will issue; it is for illustration only.)

§ 5.31 Meeting wage determination obligations.

(a) A contractor or subcontractor performing work subject to a Davis-Bacon wage determination may discharge his minimum wage obligations for the payment of both straight time wages and fringe benefits by paying in cash, making payments or incurring costs for "bona fide" fringe benefits of the types listed in the applicable wage determination or otherwise found prevailing by the Secretary of Labor, or by a combination thereof.

(b) A contractor or subcontractor may discharge his obligations for the payment of the basic hourly rates and the fringe benefits where both are contained in a wage determination applicable to his laborers or mechanics in the following ways:

(1) By paying not less than the basic hourly rate to the laborers or mechanics and by making the contributions for the fringe benefits in the wage determinations, as specified therein. For example, in the illustration contained in paragraph (c) of § 5.30, the obligations for "painters" will be met by the payment of a straight time hourly rate of not less than $3.90 and by contributing not less than at the rate of 15 cents an hour for health and welfare benefits, 10 cents an hour for pensions, and 20 cents an hour for vacations; or

(2) By paying not less than the basic hourly rate to the laborers or mechanics and by making contributions for "bona fide" fringe benefits in a total amount not less than the total of the fringe benefits required by the wage determination. For example, the obligations for "painters" in the illustration in paragraph (c) of § 5.30 will be met by the payment of a straight time hourly rate of not less than $3.90 and by contributions of not less than a total of 45 cents an hour for "bona fide" fringe benefits; or

(3) By paying in cash directly to laborers or mechanics for the basic hourly rate and by making an additional cash payment in lieu of the required benefits. For example, where an employer does not make payments or incur costs for fringe benefits, he would meet his obligations for "painters" in the illustration in paragraph (c) of § 5.30, by paying directly to the painters a straight time hourly rate of not less than $4.35 ($3.90 basic hourly rate plus 45 cents for fringe benefits); or

(4) As stated in paragraph (a) of this section, the contractor or subcontractor may discharge his minimum wage obligations for the payment of straight time wages and fringe benefits by a combination of the methods illustrated in paragraphs (b)(1) thru (3) of this section. Thus, for example, his obligations for "painters" may be met by an hourly rate, partly in cash and partly in payments or costs for fringe benefits which total not less than $4.35 ($3.90 basic hourly rate plus 45 cents for fringe benefits). The payments in such case may be $4.10 in cash and 25 cents in payments or costs in fringe benefits. Or, they may be $3.75 in cash and 60 cents in payments or costs for fringe benefits.

[30 FR 13136, Oct. 15, 1965]

§ 5.32 Overtime payments.

(a) The act excludes amounts paid by a contractor or subcontractor for fringe benefits in the computation of overtime under the Fair Labor Standards Act, the Contract Work Hours

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and Safety Standards Act, and the Walsh-Healey Public Contracts Act whenever the overtime provisions of any of these statutes apply concurrently with the Davis-Bacon Act or its related prevailing wage statutes. It is clear from the legislative history that in no event can the regular or basic rate upon which premium pay for overtime is calculated under the aforementioned Federal statutes be less than the amount determined by the Secretary of Labor as the basic hourly rate (i.e. cash rate) under section 1(b)(1) of the Davis-Bacon Act. (See S. Rep. No. 963, p. 7.) Contributions by employees are not excluded from the regular or basic rate upon which overtime is computed under these statutes; that is, an employee's regular or basic straight-time rate is computed on his earnings before any deductions are made for the employee's contributions to fringe benefits. The contractor's contributions or costs for fringe benefits may be excluded in computing such rate so long as the exclusions do not reduce the regular or basic rate below the basic hourly rate contained in the wage determination.

(b) The legislative report notes that the phrase "contributions irrevocably made by a contractor or subcontractor to a trustee or to a third person pursuant to a fund, plan, or program" was added to the bill in Committee. This language in essence conforms to the overtime provisions of section 7(d)(4) of the Fair Labor Standards Act, as amended. The intent of the committee was to prevent any avoidance of overtime requirements under existing law. See H. Rep. No. 308, p. 5.

(c)(1) The act permits a contractor or subcontractor to pay a cash equivalent of any fringe benefits found prevailing by the Secretary of Labor. Such a cash equivalent would also be excludable in computing the regular or basic rate under the Federal overtime laws mentioned in paragraph (a). For example, the W construction contractor pays his laborers or mechanics $3.50 in cash under a wage determination of the Secretary of Labor which requires a basic hourly rate of $3 and a fringe benefit contribution of 50 cents. The contractor pays the 50 cents in cash because he made no payments and incurred no costs for fringe benefits. Overtime compensation in this case would be computed on a regular or basic rate of $3.00 an hour. However, in some cases a question of fact may be presented in ascertaining whether or not a cash payment made to laborers or mechanics is actually in lieu of a fringe benefit or is simply part of their straight time cash wage. In the latter situation, the cash payment is not excludable in computing overtime compensation. Consider the examples set forth in paragraphs (c)(2) and (3) of this section.

(2) The X construction contractor has for some time been paying $3.25 an hour to a mechanic as his basic cash wage plus 50 cents an hour as a contribution to a welfare and pension plan. The Secretary of Labor determines that a basic hourly rate of $3 an hour and a fringe benefit contribution of 50 cents are prevailing. The basic hourly rate or regular rate for overtime purposes would be $3.25, the rate actually paid as a basic cash wage for the employee of X, rather than the $3 rate determined as prevailing by the Secretary of Labor.

(3) Under the same prevailing wage determination, discussed in paragraph (c)(2) of this section, the Y construction contractor who has been paying $3 an hour as his basic cash wage on which he has been computing overtime compensation reduces the cash wage to $2.75 an hour but computes his costs of benefits under section 1(b)(2)(B) as $1 an hour. In this example the regular or basic hourly rate would continue to be $3 an hour. See S. Rep. No. 963, p. 7.

PART 6—RULES OF PRACTICE FOR ADMINISTRATIVE PROCEEDINGS ENFORCING LABOR STANDARDS IN FEDERAL AND FEDERALLY ASSISTED CONSTRUCTION CONTRACTS AND FEDERAL SERVICE CONTRACTS

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AUTHORITY: Secs. 4 and 5, 79 Stat. 1034, 1035 as amended by 86 Stat. 789, 790, 41 U.S.C. 353 and 354; 5 U.S.C. 301; Reorg. Plan No. 14 of 1950, 64 Stat. 1267, 5 U.S.C. Appendix; 46 Stat. 1494, as amended by 49 Stat. 1011, 78 Stat. 238, 40 U.S.C. 276a-276a-7; 76 Stat. 357-359, 40 U.S.C. 327-332; 48 Stat. 948, as amended by 63 Stat. 108, 72 Stat. 967, 40 U.S.C. 276c.

SOURCE: 49 FR 10627, Mar. 21, 1984, unless otherwise noted.

Subpart A—General

§ 6.1 Applicability of rules.

This part provides the rules of practice for administrative proceedings under the Service Contract Act, the Davis-Bacon Act and related statutes listed in § 5.1 of Part 5 of this title which require payment of wages determined in accordance with the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Copeland Act. See Parts 4 and 5 of this title.

§ 6.2 Definitions.

(a) "Administrator" means the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, or authorized representative.

(b) "Associate Solicitor" means the Associate Solicitor for Fair Labor Standards, Office of the Solicitor, U.S. Department of Labor, Washington, D.C. 20210.

(c) "Chief Administrative Law Judge" means the Chief Administrative Law Judge, U.S. Department of Labor, 1111 20th Street, N.W., Suite 700, Washington, D.C. 20036.

(d) "Respondent" means the contractor, subcontractor, person alleged to be responsible under the contract or subcontract, and/or any firm, corporation, partnership, or association in which such person or firm is alleged to have a substantial interest (or interest, if the proceeding is under the Davis-Bacon Act) against whom the proceedings are brought.

§ 6.3 Service; copies of documents and pleadings.

(a) *Manner of service.* Service upon any party shall be made by the party filing the pleading or document by de-

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livering a copy or mailing a copy to the last known address. When a party is represented by an attorney, the service should be upon the attorney.

(b) *Proof of service.* A certificate of the person serving the pleading or other document by personal delivery or by mailing, setting forth the manner of said service shall be proof of the service. Where service is made by mail, service shall be complete upon mailing. However, documents are not deemed filed until received by the Chief Clerk at the Office of Administrative Law Judges and where documents are filed by mail 5 days shall be added to the prescribed period.

(c) *Service upon Department, number of copies of pleading or other documents.* An original and three copies of all pleadings and other documents shall be filed with the Department of Labor: The original and one copy with the Administrative Law Judge before whom the case is pending, one copy with the attorney representing the Department during the hearing, and one copy with the Associate Solicitor.

§ 6.4 Subpoenas (Service Contract Act).

All applications under the Service Contract Act for subpoenas ad testificandum and subpoenas duces tecum shall be made in writing to the Administrative Law Judge. Application for subpoenas duces tecum shall specify as exactly as possible the documents to be produced.

§ 6.5 Production of documents and witnesses.

The parties, who shall be deemed to be the Department of Labor and the respondent(s), may serve on any other party a request to produce documents or witnesses in the control of the party served, setting forth with particularity the documents or witnesses requested. The party served shall have 15 days to respond or object thereto unless a shorter or longer time is ordered by the Administrative Law Judge. The parties shall produce documents and witnesses to which no privilege attaches which are in the control of the party, if so ordered by the Administrative Law Judge upon motion therefor by a party. If a privilege is claimed, it must be specifically claimed in writing prior to the hearing or orally at the hearing or deposition, including the reasons therefor. In no event shall a statement taken in confidence by the Department of Labor or other Federal agency be ordered to be produced prior to the date of testimony at trial of the person whose statement is at issue unless the consent of such person has been obtained.

§ 6.6 Administrative Law Judge.

(a) *Equal Access to Justice Act.* Proceedings under this part are not subject to the provisions of the Equal Access to Justice Act (Pub. L. 96-481). In any hearing conducted pursuant to the provisions of this Part 6, Administrative Law Judges shall have no power or authority to award attorney fees and/or other litigation expenses pursuant to the provisions of the Equal Access to Justice Act.

(b) *Contumacious conduct: failure or refusal of a witness to appear or answer.* Contumacious conduct at any hearing before an Administrative Law Judge shall be ground for exclusion from the hearing., In cases arising under the Service Contract Act, the failure or refusal of a witness to appear at any hearing or at a deposition when so ordered by the Administrative Law Judge, or to answer any question which has been ruled to be proper, shall be ground for the action provided in section 5 of the Act of June 30, 1936 (41 U.S.C. 39) and, in the discretion of the Administrative Law Judge, for striking out all or part of the testimony which may have been given by such witness.

§ 6.7 Appearances.

(a) *Representation.* The parties may appear in person, by counsel, or otherwise.

(b) *Failure to appear.* In the event that a party appears at the hearing and no party appears for the opposing side, the presiding Administrative Law Judge is authorized, if such party fails to show good cause for such failure to appear, to dismiss the case or to find the facts as alleged in the complaint and to enter a default judgment containing such findings, conclusions and order as are appropriate. Only where a petition for review of such default judgment cites alleged procedural irregularities in the proceeding below and not the merits of the case shall a non-appearing party be permitted to file such a petition for review. Failure to appear at a hearing shall not be deemed to be a waiver of the right to be served with a copy of the Administrative Law Judge's decision.

§ 6.8 Transmission of record.

If a petition for review of the Administrative Law Judge's decision is filed with the Board of Service Contract Appeals or the Wage Appeals Board, the Chief Administrative Law Judge shall promptly transmit the record of the proceeding.

If a petition for review is not filed within the time prescribed in this part, the Chief Administrative Law Judge shall so advise the Administrator.

Subpart B—Enforcement Proceedings Under the Service Contract Act (and Under the Contract Work Hours and Safety Standards Act for Contracts Subject to the Service Contract Act)

§ 6.15 Complaints.

(a) Enforcement proceedings under the Service Contract Act and under the Contract Work Hours and Safety Standards Act for contracts subject to the Service Contract Act, may be instituted by the Associate Solicitor for Fair Labor Standards or a Regional Solicitor by issuing a complaint and causing the complaint to be served upon the respondent.

(b) The complaint shall contain a clear and concise factual statement of the grounds for relief and the relief requested.

(c) The Administrative Law Judge shall notify the parties of the time and place for a hearing.

§ 6.16 Answers.

(a) Within 30 days after the service of the complaint the respondent shall file an answer with the Chief Administrative Law Judge. The answer shall be signed by the respondent or his/her attorney.

(b) The answer shall (1) contain a statement of the facts which constitute the grounds of defense, and shall specifically admit, explain, or deny each of the allegations of the complaint unless the respondent is without knowledge, in which case the answer shall so state; or (2) state that the respondent admits all of the allegations of the complaint. The answer may contain a waiver of hearing. Failure to file an answer to or plead specifically to any allegation of the complaint shall constitute an admission of such allegation.

(c) Failure to file an answer shall constitute grounds for waiver of hearing and entry of a default judgment unless respondent shows good cause for such failure to file. In preparing the decision of default judgment the Administrative Law Judge shall adopt as findings of fact the material facts alleged in the complaint and shall order the appropriate relief and/or sanctions.

§ 6.17 Amendments to pleadings.

At any time prior to the close of the hearing record, the complaint or answer may be amended with the permission of the Administrative Law Judge and on such terms as he/she may approve. When issues not raised by the pleadings are reasonably within the scope of the original complaint and are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings, and such amendments may be made as necessary to make them conform to the evidence. Such amendments shall be allowed when justice and the presentation of the merits are served thereby, provided there is no prejudice to the objecting party's presentation on the merits. A continuance in the hearing may be granted or the record left open to enable the new allegations to be addressed. The presiding Administrative Law Judge may, upon reasonable notice and upon such terms as are just, permit supplemental pleadings setting forth transactions, occurrences or events which have happened since the data of the pleadings and which are relevant to any of the issues involved.

§ 6.18 Consent findings and order.

(a) At any time prior to the receipt of evidence or, at the discretion of the Administrative Law Judge, prior to the issuance of the decision of the Administrative Law Judge, the parties may enter into consent findings and an order disposing of the processings in whole or in part.

(b) Any agreement containing consent findings and an order disposing of a proceeding in whole or in part shall also provide:

(1) That the order shall have the same force and effect as an order made after full hearing;

(2) That the entire record on which any order may be based shall consist solely of the complaint and the agreement;

(3) A waiver of any further procedural steps before the Administrative Law Judge and Board of Service Contract Appeals regarding those matters which are the subject of the agreement; and

(4) A waiver of any right to challenge or contest the validity of the findings and order entered into in accordance with the agreement.

(c) Within 30 days after receipt of an agreement containing consent findings and an order disposing of the disputed matter in whole, the Administrative Law Judge shall, if satisfied with its form and substance, accept such agreement by issuing a decision based upon the agreed findings and order. If such agreement disposes of only a part of the disputed matter, a hearing shall be conducted on the matters remaining in dispute.

§ 6.19 Decision of the Administrative Law Judge.

(a) *Proposed findings of fact, conclusions, and order.* Within 20 days of filing of the transcript of the testimony or such additional time as the Administrative Law Judge may allow each party may file with the Administrative Law Judge proposed findings of fact, conclusion of law, and order, together with a supporting brief expressing the reasons for such proposals. Such proposals and brief shall be served on all parties, and shall refer to all portions of the record and to all authorities relied upon in support of each proposal.

(b) *Decision of the Administrative Law Judge.* (1) Within a reasonable time after the time allowed for the filing of proposed findings of fact, conclusions of law, and order, or within 30 days after receipt of an agreement containing consent findings and order disposing of the disputed matter in whole, the Administrative Law Judge shall make his/her decision. If any aggrieved party desires review of the decision, a petition for review thereof shall be filed as provided in § 6.20 of this title, and such decision and order shall be inoperative unless and until the Board of Service Contract Appeals issues an order affirming the decision. The decision of the Administrative Law Judge shall include findings of fact and conclusions of law, with reasons and bases therefor, upon each material issue of fact, law, or discretion presented on the record. The decision of the Administrative Law Judge shall be based upon a consideration of the whole record, including any admissions made under §§ 6.16, 6.17 and 6.18 of this title. It shall be supported by reliable and probative evidence. Such decision shall be in accordance with the regulations and rulings contained in Parts 4 and 5 and other pertinent parts of this title.

(2) If the respondent is found to have violated the Service Contract Act, the Administrative Law Judge shall include in his/her decision an order as to whether the respondent is to be relieved from the ineligible list as provided in section 5(a) of the Act, and, if relief is ordered, findings of the unusual circumstance, within the meaning of section 5(a) of the Act, which are the basis therefor. If respondent is found to have violated the provisions of the Contract Work Hours and Safety Standards Act, the Administrative Law Judge shall issue an order as to whether the respondent is to be subject to the ineligible list as provided in § 5.12(a)(1) of Part 4 of this title, including findings regarding the existence of aggravated or willful violations. If wages and/or fringe benefits are found due under the Service

Contract Act and/or the Contract Work Safety Standards Act and are unpaid, no relief from the ineligible list shall be ordered except on condition that such wages and/or fringe benefits are paid.

(3) The Administrative Law Judge shall make no findings regarding liquidated damages under the Contract Work Hours and Safety Standards Act.

§ 6.20 Petition for review.

Within 40 days after the date of the decision of the Administrative Law Judge (or such additional time as is granted by the Board of Service Contract Appeals), any party aggrieved thereby who desires review thereof shall file a petition for review of the decision with supporting reasons. Such party shall transmit the petition in writing to the Board of Service Contract Appeals pursuant to 29 CFR Part 8, with a copy thereof to the Chief Administrative Law Judge. The petition shall refer to the specific findings of fact, conclusions of law, or order at issue. A petition concerning the decision on the ineligibility list shall also state the unusual circumstances or lack thereof under the Service Contract Act, and/or the aggravated or willful violations of the Contract Work Hours and Safety Standards Act or lack thereof, as appropriate.

§ 6.21 Ineligible list.

(a) Upon the final decision of the Administrative Law Judge or Board of Service Contract Appeals, as appropriate, the Administrator shall within 90 days forward to the Comptroller General the name of any respondent found in violation of the Service Contract Act, including the name of any firm, corporation, partnership, or association in which the respondent has a substantial interest, unless such decision orders relief from the ineligible list because of unusual circumstances.

(b) Upon the final decision of the Administrative Law Judge or the Board of Service Contract Appeals, as appropriate, the Administrator promptly shall forward to the Comptroller General the name of any respondent found to be in aggravated or willful violation of the Contract Work Hours and Safety Standards Act, and the name of any firm, corporation, partnership, or association in which the respondent has a substantial interest.

Subpart C—Enforcement Proceedings Under the Davis-Bacon and Related Prevailing Wage Statutes, the Copeland Act, and the Contract Work Hours and Safety Standards Act (Except Under Contracts Subject to the Service Contract Act)

§ 6.30 Referral to Chief Administrative Law Judge.

(a) Upon timely receipt of a request for a hearing under § 5.11 (where the Administrator has determined that relevant facts are in dispute) or § 5.12 of Part 5 of this title, the Administrator shall refer the case to the Chief Administrative Law Judge by Order of Reference, to which shall be attached a copy of the notification letter to the respondent from the Administrator and response thereto, for designation of an Administrative Law Judge to conduct such hearings as may be necessary to decide the disputed matters. A copy of the Order of Reference and attachments thereto shall be served upon the respondent.

(b) The notification letter from the Administrator and response thereto shall be given the effect of a complaint and answer, respectively, for purposes of the administrative proceedings. The notification letter and response shall be in accordance with the provisions of § 5.11 or § 5.12(b)(1) of Part 5 of this title, as appropriate.

§ 6.31 Amendments to pleadings.

At any time prior to the closing of the hearing record, the complaint (notification letter) or answer (response) may be amended with the permission of the Administrative Law Judge and upon such terms as he/she may approve. For proceedings pursuant to § 5.11 of Part 5 of this title, such an amendment may include a statement that debarment action is warranted under § 5.12(a)(1) of Part 5 of this title or under section 3(a) of the Davis-Bacon Act. Such amendments shall be allowed when justice and the presentation of the merits are served thereby, provided there is no prejudice to the objecting party's presentation on the merits. When issues not raised by the pleadings are reasonably within the scope of the original complaint and are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings, and such amendments may be made as necessary to make them conform to the evidence. The presiding Administrative Law Judge may, upon reasonable notice and upon such terms as are just, permit supplemental pleadings setting forth transactions, occurrences or events which have happened since the date of the pleadings and which are relevant to any of the issues involved. A continuance in the hearing may be granted or the record left open to enable the new allegations to be addressed.

§ 6.32 Consent findings and order.

(a) At any time prior to the receipt of evidence or, at the discretion of the Administrative Law Judge, prior to the issuance of the decision of the Administrative Law Judge, the parties may enter into consent findings and an order disposing of the proceeding in whole or in part.

(b) Any agreement containing consent findings and an order disposing of a proceeding in whole or in part shall also provide:

(1) That the order shall have the same force and effect as an order made after full hearing;

(2) That the entire record on which any order may be based shall consist solely of the complaint and the agreement;

(3) That any order concerning debarment under the Davis-Bacon Act (but not under any of the other statutes listed in § 5.1 of Part 5 of this title) shall constitute a recommendation to the Comptroller General;

(4) A waiver of any further procedural steps before the Administrative Law Judge and the Wage Appeals Board regarding those matters which are the subject of the agreement; and

(5) A waiver of any right to challenge or contest the validity of the findings and order entered into in accordance with the agreement.

(c) Within 30 days after receipt of an agreement containing consent findings and an order disposing of the disputed matter in whole, the Administrative Law Judge shall, if satisfied with its form and substance, accept such agreement by issuing a decision based upon the agreed findings and order. If such agreement disposes of only a part of the disputed matter, a hearing shall be conducted on the matters remaining in dispute.

§ 6.33 Decision of the Administrative Law Judge.

(a) *Proposed findings of fact, conclusions, and order.* Within 20 days of filing of the transcript of the testimony or such additional time as the Administrative Law Judge may allow, each party may file with the Administrative Law Judge proposed findings of fact, conclusions of law, and order, together with a supporting brief expressing the reasons for such proposals. Such proposals and brief shall be served on all parties, and shall refer to all portions of the record and to all authorities relied upon in support of each proposal.

(b) *Decision of the Administrative Law Judge.* (1) Within a reasonable time after the time allowed for filing of proposed findings of fact, conclusions of law, and order, or within 30 days of receipt of an agreement containing consent findings and order disposing of the disputed matter in whole, the Administrative Law Judge shall make his/her decision. If any aggrieved party desires review of the decision, a petition for review thereof shall be filed as provided in §6.34 of this title, and such decision and order shall be inoperative unless and until the Wage Appeals Board either declines to review the decision or issues an order affirming the decision. The decision of the Administrative Law Judge shall include findings of fact and conclusions of law, with reasons and bases therefor, upon each material issue of fact, law, or discretion presented on the record. Such decision shall be in accordance with the regulations and rulings contained in Part 5 and other pertinent parts of this title. The decision of the Administrative Law Judge shall be based upon a consideration of the whole record, including any admissions made in the respondent's answer (response) and § 6.32 of this title. It shall be supported by reliable and probative evidence.

(2) If the respondent is found to have violated the labor standards provisions of any of the statutes listed in § 5.1 of Part 5 of this title other than the Davis-Bacon Act, and if debarment action was requested pursuant to the complaint (notification letter) or any amendment thereto, the Administrative Law Judge shall issue an order as to whether the respondent is to be subject to the ineligible list as provided in § 5.12(a)(1) of this title, including any findings of aggravated or willful violations. If the respondent is found to have violated the Davis-Bacon Act, and if debarment action was requested, the Administrative Law Judge shall issue as a part of the order a recommendation as to whether respondent should be subject to the ineligible list pursuant to section 3(a) of the Act, including any findings regarding respondent's disregard of obligations to employees and subcontractors. If wages are found due and are unpaid, no relief from the ineligible list shall be ordered or recommended except on condition that such wages are paid.

(3) The Administrative Law Judge shall make no findings regarding liquidated damages under the Contract Work Hours and Safety Standards Act.

§ 6.34 Petition for review.

Within 40 days after the date of the decision of the Administrative Law judge (or such additional time as is granted by the Wage Appeals Board), any party aggrieved thereby who desires review thereof shall file a petition for review of the decision with supporting reasons. Such party shall transmit the petition in writing to the Wage Appeals Board, pursuant to Part 7 of this title, with a copy thereof to the Chief Administrative Law judge. The petition shall refer to the specific findings of fact, conclusions of law, or order at issue. A petition concerning the decision on debarment shall also state the aggravated or willful violations and/or disregard of obligations to employees and subcontractors, or lack thereof, as appropriate.

§ 6.35 Ineligible lists.

Upon the final decision of the Administrative Law judge or Wage Appeals Board, as appropriate, regarding violations of any statute listed in § 5.1 of Part 5 of this title other than the Davis-Bacon Act, the Administrator promptly shall foward to the Comptroller General the name of any respondent found to have committed aggravated or willful violations of the labor standards provisions of such statute, and the name of any firm, corporation, partnership, or association in which such respondent has a substantial interest. Upon the final decision of the Administrative Law judge or Wage Appeals Board, as appropriate, regarding violations of the Davis-Bacon Act, the Administrator promptly shall forward to the Comptroller General any recommendation regarding debarment action against a respondent, and the name of any firm, corporation, partnership, or association in which such respondent has an interest.

Subpart D—Substantial Interest Proceedings

§ 6.40 Scope.

This subpart supplements the procedures contained in § 4.12 of Part 4 and § 5.12(d) of Part 5 of this title, and states the rules of practice applicable to hearings to determine whether persons of firms whose names appear on the ineligible list pursuant to section 5(a) of the Service Contract Act or § 5.12(a)(1) of Part 5 of this title have a substantial interest in any firm, corporation, partnership, or association other than those listed on the ineligible list; and/or to determine whether persons or firms whose names appear on the ineligible list pursuant to section 3(a) of the Davis-Bacon Act have an interest in any firm, corporation, partnership, or association other than those listed on the ineligible list.

§ 6.41 Referral to Chief Administrative Law Judge.

(a) Upon timely receipt of a request for a hearing under § 4.12 of Part 4 or § 5.12 of Part 5 of this title, where the Administrator has determined that relevant facts are in dispute, or on his/her own motion, the Administrator shall refer the case to the Chief Administrative Law Judge by Order of Reference, to which shall be attached a copy of any findings of the Administrator and response thereto, for designation of an Administrative Law Judge to conduct such hearings as may be necessary to decide the disputed matters. A copy of the Order of Reference and attachments thereto shall be served upon the person or firm requesting the hearing, if any and upon the respondents.

(b) The findings of the Administrator and response thereto shall be given the effect of a complaint and answer, respectively, for purposes of the administrative preceedings.

§ 6.42 Amendments to pleadings.

At any time prior to the closing of the hearing record, the complaint (Administrator's findings) or answer (response) may be amended with the permission of the Administrative Law Judge and upon such terms as he/she may approve. Such amendments shall be allowed when justice and the presentation of the merits are served thereby, provided there is no prejudice to the objecting party's presentation on the merits. When issues not raised by the pleadings are reasonably within the scope of the original complaint and are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings, and such amendments may be made as necessary to make them conform to the evidence. The presiding Administative Law Judge may, upon such terms as are just, permit supplemental pleadings setting forth transactions, occurrences or events which have happened a since the data of the pleadings and which are relevant to any of the issues involved. A continuance in the hearing may be granted or the record left open to enable the new allegations to be addressed.

§ 6.43 Consent findings and order.

(a) At any time prior to the receipt of evidence or, at the discretion of the Administrative Law Judge, prior to the issuance of the decision of the Administrative Law Judge, the parties may enter into consent findings and an order disposing of the proceeding in whole or in part.

(b) Any agreement containing consent findings and an order disposing of a proceeding in whole or in part shall provide:

(1) That the order shall have the same force and effect as an order made after full hearing:

(2) That the entire record on which any order may be based shall consist solely of the complaint and the agreement;

(3) A waiver of any further procedural steps before the Administrative Law Judge and the Board of Service Contract Appeals or the Wage Appeals Board, as appropriate, regarding those matters which are the subject of the agreement; and

(4) A waiver of any right to challenge or contest the validity of the findings and order entered into in accordance with the agreement.

(c) Within 30 days after receipt of an agreement containing consent findings and an order disposing of the disputed matter in whole, the Administrative Law Judge shall accept such agreement by issuing a decision based upon the agreed findings and order. If a such agreement disposes of only a part of the disputed matter, a hearing shall be conducted on the matters remaining in dispute.

§ 6.44 Decision of the Administrative Law Judge.

(a) *Proposed findings of fact, conclusions, and order.* Within 30 days of filing of the transcript of the testimony, each party may file with the Administrative Law Judge proposed findings of fact, conclusions of law, and order, together with a supporting brief expressing the reasons for such proposals. Such proposals and brief shall be served on all parties, and shall refer to all portions of the record and to all authorities relied upon in support of each proposal.

(b) *Decision of the Administrative Law Judge.* Within 60 days after the time allowed for filing of proposed findings of fact, conclusions of law, and order, or within 30 days after receipt of an agreement containing consent findings and order disposing of the disputed matter in whole, the Administrative Law Judge shall make his/her decision. If any aggrieved party desires review of the decision a petition for review thereof shall be filed as provided in § 6.45 of this title, and such decision and order shall be inoperative unless and until the Board of Service Contract Appeals or the Wage Appeals Board issues an order affirming the decision. The decision of the Administrative Law Judge shall include findings of fact and conclusions of law, with reasons and bases therefor, upon each material issue of fact, law, or discretion presented on the record. Such decision shall be in accordance with the regulations and rulings contained in Parts 4 and 5 and other pertinent parts of this title. The decision of the Administrative Law Judge shall be based upon a consideration of the whole record, including any admissions made in the respondents' answer (response) and § 6.43 of this title.

§ 6.45 Petition for review.

Within 30 days after the date of the decision of the Administrative Law Judge, any party aggrieved thereby who desires review thereof shall file a petition for review of the decision with supporting reasons. Such party shall transmit the petition in writing to the Board of Service Contract Appeals pursuant to 29 CFR Part 8 if the proceeding was under the Service Contract Act, or to the Wage Appeals Board pursuant to 29 CFR Part 7 if the proceeding was under § 5.12(a)(1) of Part 5 of this title or under section 3(a) of the Davis-Bacon Act, with a copy thereof to the Chief Administrative Law Judge. The petition for review shall refer to the specific findings of fact, conclusions of law, or order at issue.

§ 6.46 Ineligible list.

Upon the final decision of the Administrative Law Judge, Board of Service Contract Appeals or Wage Appeals Board, as appropriate, the Administrator promptly shall forward to the Comptroller General the names of any firm, corporation, partnership, or association in which a person or firm debarred pursuant to section 5(a) of the Service Contract Act or § 5.12(a) of Part 5 of this title has a substantial interest; and/or the name of any firm, corporation, partnership, or association in which a person or firm debarred pursuant to section 3(a) of the Davis-Bacon Act has an interest.

Subpart E—Substantial Variance and Arm's Length Proceedings

§ 6.50 Scope.

This subpart supplements the procedures contained in §§ 4.10 and 4.11 of Part 4 of this title and states the rules of practice applicable to hearings under section 4(c) of the Act to determine whether the collectively bargained wages and/or fringe benefits otherwise required to be paid under that section and sections 2(a) (1) and (2) of the Act are substantially at variance with those which prevail for services of a character similar in the locality, and/or to determine whether the wages and/or fringe benefits provided in the collective bargaining agreement were reached as a result of arm's-length negotiations.

§ 6.51 Referral to Chief Administrative Law Judge.

(a) Referral pursuant to § 4.10 or § 4.11 of Part 4 of this title will be by an Order of Reference from the Administrator to the Chief Administrative Law Judge, to which will be attached the material submitted by the applicant or any other material the Administrator considers relevant and, for proceedings pursuant to § 4.11 of this title, a copy of any findings of the Administrator. A copy of the Order of Reference and all attachments will be sent by mail to the following parties: the agency whose contract is involved, the parties to the collective bargaining agreement, any contractor or subcontractor performing on the contract, any contractor or subcontractor known to be desirous of bidding there-

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on or performing services thereunder who is known or believed to be interested in the determination of the issue, any unions or other authorized representatives of service employees employed or who may be expected to be employed by such contractor or subcontractor on the contract work, and any other affected parties known to be interested in the determination of the issue. The Order of Reference will have attached a certificate of service naming all interested parties who have been served.

(b) Accompanying the Order of Reference and attachments will be a notice advising that any interested party, including the applicant, who intends to participate in the proceeding shall submit a written response to the Chief Administrative Law Judge within 20 days of the date on which the certificate of service indicates the Order of Reference was mailed. The notice will state that such a response shall include:

(1) A statement of the interested party's case;

(2) A list of witnesses the interested party will present, a summary of the testimony each is expected to give, and copies of all exhibits proposed to be proffered;

(3) A list of persons who have knowledge of the facts for whom the interested party requests that subpoenas be issued and a brief statement of the purpose of their testimony; and

(4) A certificate of service in accordance with § 6.3 of this title on all interested parties, including the Administrator.

§ 6.52 Appointment of Administrative Law Judge and notification of prehearing conference and hearing date.

Upon receipt from the Administrator of an Order of Reference, notice to the parties, attachments and certificate of service, the Chief Administrative Law Judge shall appoint an Administrative Law Judge to hear the case. The Administrative Law Judge shall promptly notify all interested parties of the time and place of a prehearing conference and of the hearing which shall be held immediately upon the completion of prehearing conference. The date of the prehearing conference and hearing shall be not more than 60 days from the date on which the certificate of service indicates the Order of Reference was mailed.

§ 6.53 Prehearing conference.

(a) At the prehearing conference the Administrative Law Judge shall attempt to determine the exact areas of agreement and disagreement raised by the Administrator's Order of Reference and replies thereto, so that the evidence and arguments presented at the hearing will be relevant, complete, and as brief and concise as possible.

(b) Any interested party desiring to file proposed findings of fact and conclusions of law shall submit them to the Administrative Law Judge at the prehearing conference.

(c) If the parties agree that no hearing is necessary to supplement the written evidence and the views and arguments that have been presented, the Administrative Law Judge shall forthwith render his/her final decision. The Administrative Law Judge with the agreement of the parties may permit submission of additional written evidence or argument, such as data accompanied by affidavits attesting to its validity or depositions, within ten days of commencement of the prehearing conference.

§ 6.54 Hearing.

(a) Except as provided in § 6.53(c) of this title, the hearing shall commence immediately upon the close of the prehearing conference. All matters remaining in controversy, including the presentation of additional evidence, shall be considered at the hearing. There shall be a minimum of formality in the proceeding consistent with orderly procedure.

(b) To expedite the proceeding the Administrative Law Judge shall, after consultation with the parties, set reasonable guidelines and limitations for the presentations to be made at the hearing. The Administrative Law Judge may limit cross-examination and may question witnesses.

(c) Under no circumstances shall source data obtained by the Bureau of Labor Statistics, U.S. Department of Labor, or the names of establishments contacted by the Bureau be submitted into evidence or otherwise disclosed. Where the Bureau has conducted a survey, the published summary of the data may be submitted into evidence.

(d) Affidavits or depositions may be admitted at the discretion of the Administrative Law Judge. The Administrative Law Judge may also require that unduly repetitious testimony be submitted as affidavits. Such affidavits shall be submitted within three days of the conclusions of the hearing.

(e) Counsel for the Administrator shall participate in the proceeding to the degree he/she deems appropriate.

(f) An expedited transcript shall be made of the hearing and of the prehearing conference.

§ 6.55 Closing of record.

The Administrative Law Judge shall close the record promptly and not later than 10 days after the date of commencement of the prehearing conference. Post-hearing briefs may be permitted, but the filing of briefs shall not delay issuance of the decision of the Administrative Law Judge pursuant to § 6.56 of this title.

§ 6.56 Decision of the Administrative Law Judge.

Within 15 days of receipt of the transcript, the Administrative Law Judge shall render his/her decision containing findings of fact and conclusions of law. The decision of the Administrative Law Judge shall be based upon consideration of the whole record, and shall be in accordance with the regulations and rulings contained in Part 4 and other pertinent parts of this title. If any party desires review of the decision, a petition for review thereof shall be filed as provided in § 6.57 of this title, and such decision and order shall be inoperative unless and until the Board of Service Contract Appeals issues an order affirming the decision. If a petition has not been filed within 10 days of issuance of the Administrative Law Judge's decision, the Administrator shall promptly issue any wage determination which may be required as a result of the decision.

§ 6.57 Petition for review.

Within 10 days after the date of the decision of the Administrative Law Judge, any interested party who participated in the proceedings before the Administrative Law Judge and desires review of the decision shall file a petition for review by the Board of Service Contract Appeals pursuant to 29 CFR Part 8. The petition shall refer to the specific findings of fact, conclusions of law, or order excepted to and the specific pages of transcript relevant to the petition for review.

PART 7—PRACTICE BEFORE WAGE APPEALS BOARD

Subpart A—Purpose and Scope

Sec.

7.1 Purpose and scope.

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AUTHORITY: Reorg. Plan No. 14 of 1950, 64 Stat. 1267; 5 U.S.C. 301, 3 CFR, 1949-1953 Comp., p. 1007; sec. 2, 48 Stat. 948 as amended; 40 U.S.C. 276c; secs. 104, 105, 76 Stat. 358, 359; 40 U.S.C. 330, 331; 65 Stat. 290; 36 FR 306, 8755.

SOURCE: 36 FR 10863, June 4, 1971, unless otherwise noted.

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Subpart A—Purpose and Scope

§ 7.1 Purpose and scope.

(a) This part contains the rules of practice of the Wage Appeals Board (hereinafter referred to as the Board).

(b) The Board has jurisdiction to hear and decide in its discretion appeals concerning questions of law and fact from final decisions under Parts 1, 3, and 5 of this subtitle including decisions as to the following: (1) Wage determinations issued under the Davis-Bacon Act and its related minimum wage statutes; (2) debarment cases arising under Part 5 of this subtitle; (3) controversies concerning the payment of prevailing wage rates or proper classifications which involve significant sums of money, large groups of employees, or novel or unusual situations; and (4) recommendations of a Federal agency for appropriate adjustment of liquidated damages which are assessed under the Contract Work Hours and Safety Standards Act.

(c) In exercising its discretion to hear and decide appeals, the Board shall consider, among other things, timeliness, the nature of the relief sought, matters of undue hardship or injustice, or the public interest.

(d) In considering the matters within the scope of its jurisdiction the Board shall act as the authorized representative of the Secretary of Labor. The Board shall act as fully and finally as might the Secretary of Labor concerning such matters.

(e) The Board is an essentially appellate agency. It will not hear matters de novo except upon a showing of extraordinary circumstances. It may remand under appropriate instructions any case for the taking of additional evidence and the making of new or modified findings by reason of the additional evidence.

Subpart B—Review of Wage Determinations.

§ 7.2 Who may file petitions for review.

(a) Any interested person who is seeking a modification or other change in a wage determination under Part 1 of this subtitle and who has requested the [illegible]inistrative officer authorized to make such modification or other change under Part 1 and the request has been denied, after appropriate reconsideration shall have a right to petition for review of the action taken by that officer.

(b) For purpose of this section, the term "interested person" is considered to include, without limitation:

(1) Any contractor, or an association representing a contractor, who is likely to seek or to work under a contract containing a particular wage determination, or any laborer or mechanic, or any labor organization which represents a laborer or mechanic, who is likely to be employed or to seek employment under a contract containing a particular wage determination, and (2) any Federal, State, or local agency concerned with the administration of a proposed contract or a contract containing a particular wage determination issued pursuant to the Davis-Bacon Act or any of its related statutes.

§ 7.3 Where to file.

The petition (original and four copies) accompanied by a statement of service shall be filed with the Wage Appeals Board, U.S. Department of Labor, Washington, D.C. 20210. In addition, copies of the petition shall be served upon each of the following: (a) The Federal, State, or local agency, or agencies involved; (b) the officer issuing the wage determination; and (c) any other person (or the authorized representatives of such persons) known, or reasonably expected, to be interested in the subject matter of the petition.

§ 7.4 When to file.

(a) Requests for review of wage determinations must be timely made. Timeliness is dependent upon the pertinent facts and circumstances involved, including without limitation the contract schedule of the administering agency, the nature of the work involved, and its location.

(b) The Board shall under no circumstances request any administering agency to postpone any contract action because of the filing of a petition. This is a matter which must be resolved directly with the administering agency by the petitioner or other interested person.

§ 7.5 Contents of petitions.

(a) A petition for the review of a wage determination shall: (1) Be in writing and signed by the petitioner or his counsel (or other authorized representative); (2) be described as a petition for review by the Wage Appeals Board; (3) identify clearly the wage determination, location of the project or projects in question, and the agency concerned; (4) state that the petitioner has requested reconsideration of the wage determination in question and describe briefly the action taken in response to the request; (5) contain a short and plain statement of the grounds for review; and (6) be accompanied by supporting data, views, or arguments.

(b) A petition shall indicate whether or not the petitioner consents to the disposition of the questions involved by a single member of the Board.

§ 7.6 Filing of wage determination record.

(a) In representing the officer issuing the wage determination the Solicitor shall, among other things, file promptly with the Board a record supporting his findings and conclusions, after receipt of service of the petition.

(b) In representing the officer issuing the wage determination the Solicitor shall file with the Board a statement of the position of the officer issuing the wage determination concerning any findings challenged in the petition; and shall make service on the petitioner and any other interested persons.

§ 7.7 Presentations of other interested persons.

Interested persons other than the petitioner shall have a reasonable opportunity as specified by the Board in particular cases to submit to the Board written data, views, or arguments relating to the petition. Such matter (original and four copies) should be filed with the Wage Appeals Board, U.S. Department of Labor, Washington, D.C. 20210. Copies of any such matter shall be served on the petitioner and other interested persons.

§ 7.8 Disposition by the Wage Appeals Board.

(a) The Board may decline review of any case whenever in its judgement a review would be inappropriate or because of lack of timeliness, the nature of the relief sought, or other reasons.

(b) The Board shall decide the case upon the basis of all relevant matter contained in the entire record before it. The Board shall notify interested persons participating in the proceeding of its decision.

(c) Decisions of the Board shall be by majority vote. A case will be reviewed upon the affirmative vote of one member.

Subpart C—Review of Other Proceedings and Related Matters

§ 7.9 Review of decisions in other proceedings.

(a) Any party or aggrieved person shall have a right to file a petition for review with the Board (original and four copies), within a reasonable time from any final decision in any agency action under Part 1, 3, or 5 of this subtitle.

(b) The petition shall state concisely the points relied upon, and shall be accompanied by a statement setting forth supporting reasons. Further, the petition shall indicate whether or not the petitioner consents to the disposition of the questions involved by a single member.

(c) A copy of the presentation shall be served upon the officer who issued the decision, and upon any other party or known interested person, as the case may be. In representing the officer who issued the final decision in any agency action under Parts 1, 3, or 5 of the subtitle, the Solicitor shall, among other things, file promptly with the Board a record supporting the officer's decision, including any findings upon which the decision is based, after receipt of service of the petition.

(d) In representing the officer issuing a final decision in any agency action under Parts 1, 3, and 5 of this

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subtitle, the Solicitor shall file with the Board a statement of the position of the officer who issued the final decision at issue, concerning the decision challenged; and shall make service on the petitioner and any other interested persons.

(e) The Board shall afford any other parties or known interested persons a reasonable opportunity to respond to the petition. Copies of any such response shall be served upon the officer issuing the decision below and upon the petitioner.

(f) The Board shall pass upon the points raised in the petition upon the basis of the entire record before it, and shall notify the parties to the proceeding of its decision. In any remand of a case as provided in § 7.1(e), the Board shall include any appropriate instructions.

Subpart D—Some General Procedural Matters

§ 7.11 Right to counsel.

Each interested person or party shall have the right to appear in person or by or with counsel or other qualified representative in any proceeding before the Board.

§ 7.12 Intervention; other participation.

For good cause shown, the Board may permit any interested person or party to intervene or otherwise participate in any proceeding held by the Board. Except when requested orally before the Board, a petition to intervene or otherwise participate shall be in writing (original and four copies) and shall state with precision and particularity: (a) The petitioner's relationship to the matters involved in the proceedings, and (b) the nature of the presentation which he would make. Copies of the petition shall be served to all parties or interested persons known to participate in the proceeding, who may respond to the petition. Appropriate service shall be made of any response.

§ 7.13 Consolidations.

Upon its own initiative or upon motion of any interested person or party, the Board may consolidate in any proceeding or concurrently consider two or more appeals which involve substantially the same persons or parties, or issues which are the same or closely related, if it finds that such consolidation or concurrent review will contribute to a proper dispatch of its business and to the ends of justice, and it will not unduly delay consideration of any such appeals.

§ 7.14 Oral proceedings.

(a) With respect to any proceeding before it, the Board may upon its own initiative or upon request of any interested person or party direct the interested persons or parties to appear before the Board or its designee at a specified time and place in order to simplify the issues presented or to take up any other matters which may tend to expedite or facilitate the disposition of the proceeding.

(b) In its discretion, the Board, or a single presiding member, may permit oral argument in any proceeding. The Board or the presiding member, shall prescribe the time and place for argument and the time allotted for argument. A petitioner wishing to make oral argument should make the request therefor in his petition.

§ 7.15 Public information.

(a) Subject to the provisions of §§ 1.15, 5.6, and Part 70 of this subtitle, all papers and documents made a part of the official record in the proceedings of the Board and decisions of the Board shall be made available for public inspection during usual business hours at the office of the Wage Appeals Board, U.S. Department of Labor, Washington, D.C. 20210.

(b) Facsimile copies of such papers, documents and decisions shall be furnished upon request. There shall be a charge of 25 cents for each facsimile page reproduction except for copies of materials duplicated for distribution for no charge as provided in paragraph (c) of this section. Postal fees in excess of domestic first class postal rates as are necessary for transmittal of copies will be added to the per-page fee specified unless stamps or stamped envelopes are furnished with the request.

(c) No charge need to be made for furnishing: (1) Unauthenticated copies of any rules, regulations, or decisions of general import, (2) copies to agencies which will aid in the administration of the Davis-Bacon and related acts, (3) copies to contractor associations and labor organizations for general dissemination of the information contained therein, and (4) only occasionally unauthenticated copies of papers and documents.

§ 7.16 Filing and service.

(a) *Filing.* All papers submitted to the Board under this part shall be filed with the Executive Secretary of the Wage Appeals Board, U.S. Department of Labor, Washington, D.C. 20210.

(b) *Number of copies.* An original and four copies of all papers shall be submitted.

(c) *Manner of service.* Service under this part shall be by the filing party or interested person, service may be personal or may be by mail. Service by mail is complete on mailing.

(d) *Proof of service.* Papers filed with the Board shall contain an acknowledgement of service by the person served or proof of service in the form of a statement of the date and the manner of service and the names of the person or persons served, certified by the person who made service.

§ 7.17 Variations in procedures.

Upon reasonable notice to the parties or interested persons, the Board may vary the procedures specified in this part in particular cases.

§ 7.18 Motions; extensions of time.

(a) Except as otherwise provided in this part, any application for an order or other relief shall be made by motion for such order or relief. Except when made orally before the Board, motions shall be in writing and shall be accompanied by proof of service on all other parties or interested persons. If a motion is supported by briefs, affidavits, or other papers, they shall be served and filed with the motion. Any party or interested person, as the case may be, may respond to the motion within such time as may be provided by the Board.

(b) Requests for extensions of time in any proceeding as to the filing of papers or oral presentations shall be in the form of a motion under paragraph (a) of this section.

PART 8—PRACTICE BEFORE THE BOARD OF SERVICE CONTRACT APPEALS

Subpart A—Purpose and Scope

Sec.

8.0 Interim procedures.
8.1 Purpose and scope.

Subpart B—Review of Wage Determinations

8.2 Who may file petitions for review.
8.3 When to file.
8.4 Contents of petition.
8.5 Filing of wage determination record.
8.6 Disposition by the Board of Service Contract Appeals.

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8.7 Review of decisions in other proceedings.
8.8 Filing of administrative record.
8.9 Disposition by the Board of Service Contract Appeals.

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8.10 Filing and service.
8.11 Presentations of other interested persons.
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8.14 Consolidations.
8.15 Motions; extensions of time.
8.16 Oral proceedings.
8.17 Decision of the Board.
8.18 Public information.
8.19 Equal Access to Justice Act.

AUTHORITY: Secs. 4 and 5, 79 Stat. 1034, 1035, as amended by 86 Stat. 789, 790, 41 U.S.C. 353, 354; 5 U.S.C. 301; Reorg. Plan No. 14 of 1950, 64 Stat. 1267, 5 U.S.C. Appendix; 76 Stat. 357-359, 40 U.S.C. 327-332.

SOURCE: 49 FR 10637, Mar. 21, 1984, unless otherwise noted.

Subpart A—Purpose and Scope

§ 8.0 Interim procedures.

The Secretary of Labor shall establish a Board of Service Contract appeals, by Secretary's Order and delegate to the Board the authority and responsibilities set forth herein.

During the interim period prior to the appointment of a duly constituted Board, the functions of the Board shall be performed by the Secretary or his designee. In all other respects the rules in this part shall be applicable, unless inconsistent herewith.

§ 8.1 Purpose and scope.

(a) This part contains the rules of practice of the Board of Service Contract Appeals (hereinafter referred to as the Board).

(b) The Board has jurisdiction to hear and decide in its discretion appeals concerning questions of law and fact from final decisions of the Administrator of the Wage and Hour Division or authorized representative, and from decisions of Administrative Law Judges under Subparts B, D, and E of Part 6 of this title, arising under the Service Contract Act and the Contract Work Hours and Safety Standards Act where the contract is also subject to the Service Contract Act. The Board shall not have jurisdiction to pass on the validity of any portion of the Code of Federal Regulations which has been duly promulgated through notice and comment by the Department of Labor and shall observe the provisions thereof, where pertinent, in its decisions. The jurisdiction of the Board includes:

(1) Wage determinations issued under the Service Contract Act;

(2) Substantial variance proceedings or arm's-length negotiations proceedings pursuant to section 4(c) of the Service Contract Act;

(3) Debarment or other enforcement proceedings;

(4) Proceedings to determine substantial interest of debarred persons or firms;

(5) Decisions of the Wage-Hour Administrator or authorized representative regarding recommendations of a Federal agency for adjustment or waiver of liquidated damages assessed under the Contract Work Hours and Safety Standards Act;

(6) Other final actions of the Wage-Hour Administrator or authorized representative (e.g., additional classification actions and rulings with respect to application of the Act(s), or the regulations, or of wage determinations issued thereunder).

(7) Other matters specifically referred to the Board by the Secretary of Labor.

(c) In considering the matters within the scope of its jurisdiction the Board shall act as the authorized representative of the Secretary of Labor and shall act as fully and finally as might the Secretary of Labor concerning such matters.

(d) The Board is an appellate body and shall decide cases properly brought before it on the basis of all relevant matter contained in the entire record before it. Decisions by the Board shall be based upon the preponderance of the evidence before it. It may remand with appropriate instructions any case for the taking of additional evidence and the making of new or modified findings by reason of the additional evidence. However, unless the petition for review cities alleged procedural irregularities in the proceeding below and not the merits of a case, the Board shall not consider a petition for review filed by any party against whom default judgment has been entered pursuant to the provisions of Part 6 of this title.

Subpart B—Review of Wage Determinations

§ 8.2 Who may file petitions of review.

(a) Any interested party who is seeking a modification of other change in a wage determination under the Service Contract Act and who has requested the Wage-Hour Administrator or authorized representative to make such modification or other change under § 4.55 of Part 4 of this title, and the request has been denied, shall have a right to petition of review of the action taken by that officer.

(b) For purposes of this subpart, the term "interested party" shall mean:

(1) Any employee or any labor organization which represents an employee who is likely to be employed or to seek employment under a contract containing a particular wage determination, or any contractor or an association representing a contractor who is likely to seek a contract or to work under a contract containing a particular wage determination;

(2) The Federal agency(s) which will administer a proposed contract containing a particular wage determination issued pursuant to the Service Contract Act; and

(3) Any other party whom the Board finds to have a sufficient interest in the wage determination.

§ 8.3 When to file.

(a) Requests for review of wage determinations must be filed within 20 days of issuance of the Wage-Hour Administrator's decision denying a request to make a change in the wage determination.

(b) The Board shall under no circumstances request any administering agency to postpone any contract action because of the filing of a petition.

§ 8.4 Contents of petition.

(a) A petition for review of a wage determination shall:

(1) Be in writing and signed by the petitioner or his/her counsel (or other authorized representative);

(2) Be addressed to the Board of Service Contract Appeals;

(3) Identify clearly the wage determination, location where the contract will be performed, if known, and the agency concerned;

(4) State that the petitioner has requested reconsideration of the wage determination in question pursuant to 29 CFR 4.55 and describe briefly the action taken in response to the request;

(5) Contain a short and plain statement of the grounds for review;

(6) Be accompanied by supporting data, views, or arguments; and

(7) Contain a statement that all data or other evidence submitted have previously been submitted to the Administrator.

(b) A petition shall indicate whether or not the petitioner consents to the disposition of the questions involved by a single member of the Board.

§ 8.5 Filing of wage determination record.

The Associate Solicitor for Fair Labor Standards shall, promptly after service of the petition, file with the Board the record upon which the wage determination was based. Under no circumstances shall source data obtained by the Bureau of Labor Statistics, U.S. Department of Labor, or the names of establishments contacted by the Bureau be filed with the Board or otherwise disclosed. Where the Bureau has conducted a survey, the published summary of the data may be filed.

§ 8.6 Disposition by the Board of Service Contract Appeals.

(a) The Board may decline review of any case whenever in its judgment review would be inappropriate because of lack of timeliness, the nature of the relief sought, the case involves only settled issues of law, the appeal is frivolous on its face, or other reasons. A case will be reviewed upon the affirmative vote of one member.

(b) Except as provided in paragraphs (c) and (d) of this section, the Board will not review a wage determination after award, exercise of option, or extension of a contract, unless such procurement action was taken without the wage determination required pursuant to §§ 4.4 and 4.5 of Part 4 of this title.

(c) A wage determination may be reviewed after award, exercise of option, or extension of a contract if it is issued after a finding by an Administrative Law Judge or the Board that a substantial variance exists between collectively bargained wage rates and/or fringe benefits otherwise required to be paid pursuant to section 4(c) of the Act and those prevailing for services of a character similar in the locality, or after a finding that such collective bargaining agreement was not reached as a result of arm's length negotiations.

(d) Where a petition for review of a wage determination is filed prior to award, exercise of option, or extension of a contract, the Board may review the wage determination after such award, exercise of option, or extension of a contract if the issue is a significant issue of general applicability. The Board's decision shall not affect the contract after such award, exercise of option, or extension.

(e) In issuing its decision the Board will act expeditiously, taking into consideration procurement deadlines. The

Board shall decide the case upon the basis of all relevant matters contained in the entire record before it and shall not consider any data not submitted to the Wage-Hour Administrator with the request for reconsideration. The Board in its decision affirming, modifying, or setting aside the wage determination, shall include a statement of reasons or bases for the actions taken. In any remand of a case as provided in § 8.1(d) of this title, the Board shall include appropriate instructions.

Subpart C—Review of Other Proceedings and Related Matters

§ 8.7 Review of decisions in other proceedings.

(a) A petition for review of a decision of an Administrative Law Judge pursuant to Subparts B, D or E of Part 6 of this title may be filed by any aggrieved party in accordance with the provisions therein.

(b) A petition for review of a final written decision (other than a wage determination) of the Administrator or authorized representative may be filed by any aggrieved party within 60 days of the date of the decision of which review is sought. Where a case has been referred directly to the Board pursuant to § 4.11 or § 4.12 of this title, no petition for review shall be necessary; a brief in support of the aggrieved party's position shall be filed within 30 days of filing of the administrative record by the Administrator.

(c) A petition shall state concisely the points relied upon, and shall be accompanied by a statement setting forth supporting reasons. The petition shall also indicate whether or not the petitioner consents to the disposition of the questions involved by a single member.

§ 8.8 Filing of administrative record.

(a) If a petition for review has been filed concerning a decision pursuant to Part 6 of this title, the Chief Administrative Law Judge shall promptly forward the record of the proceeding before the Administrative Law Judge to the Board.

(b) If a petition for review has been filed concerning a final decision of the Wage-Hour Administrator or authorized representative, the Associate Solicitor for Fair Labor Standards shall promptly file with the Board a record upon which the decision was based.

§ 8.9 Disposition by the Board of Service Contract Appeals.

(a) The Board may decline review of any case whenever in its judgment review would be inappropriate because of lack of timeliness, the nature of the relief sought, the case involves only settled issues of law, the appeal is frivolous on its face, or other reasons. A case will be reviewed upon the affirmative vote of one member.

(b) In issuing its decision the Board will take into consideration procurement deadlines where appropriate. The Board shall pass upon the points raised in the petition upon the basis of the entire record before it. The Board may affirm, modify or set aside, in whole or in part, the decision under review and shall issue a decision including a statement of reasons or bases for the actions taken. The Board shall modify or set aside findings of fact only when it determines that those findings are not supported by a preponderance of the evidence. In any remand of a case as provided in § 8.1(e) of this title, the Board shall include any appropriate instructions.

Subpart D—General Procedural Matters

§ 8.10 Filing and service.

(a) *Filing.* All papers submitted to the Board under this part shall be filed with the Executive Secretary of the Board of Service Contract Appeals, U.S. Department of Labor, Washington, D.C. 20210.

(b) *Number of copies.* An original and four copies of all papers shall be submitted.

(c) *Manner of service.* Service under this part shall be personal or by mail. Service by mail is complete on mailing. For purposes of this part, filing is accomplished upon the day of service, by mail or otherwise.

(d) *Proof of service.* Papers filed with the Board shall contain an acknowledgement of service by the person served or proof of service in the form of a statement of the date and the manner of service and the names of the person or persons served, certified by the person who made service.

(e) *Service upon the Department of Labor and other interested parties.* A copy of all documents filed with the Board shall be served upon the Associate Solicitor, Division of Fair Labor Standards, U.S. Department of Labor, Washington, D.C. 20210; the Administrator, Wage and Hour Division, U.S. Department of Labor, Washington, D.C. 20210; the Federal contracting agency involved; and all other interested parties.

§ 8.11 Presentations of other interested persons.

(a) Where a petition has been filed for review of a wage determination or other final decision of the Administrator or authorized representative, the Board shall notify the parties known or believed to be interested in the case. The Associate Solicitor and any other parties interested in presenting their views shall file a statement within 30 days of the filing of the petition (or such other time as is specified by the Board, with consideration of procurement deadlines, as appropriate).

(b) Where a petition has been filed for review of a decision issued pursuant to Subparts B, D or E of Part 6 of this title, any other parties to the proceeding interested in presenting their views shall file a statement within 30 days of the filing of the petition (or such other time as is specified by the Board, with consideration of procurement deadlines, as appropriate).

§ 8.12 Intervention; other participation.

For good cause shown, the Board may permit any interested party to intervene or otherwise participate in any proceeding held by the Board. Except when requested orally before the Board, a petition to intervene or otherwise participate shall be in writing (original and four copies) and shall state with precision and particularity:

(a) The petitioner's relationship to the matters involved in the proceedings, and

(b) The nature of the presentation which the peititioner would make.

§ 8.13 Right to counsel.

Each interested party shall have the right to appear in person or by counsel or other representative in any proceeding before the Board.

§ 8.14 Consolidations.

Upon its own initative or upon motion of any interested party, the Board may consolidate any proceeding or concurrently consider two or more appeals which involve substantially the same parties, or issues which are the same or closely related, if it finds that such consolidation or concurrent review will contribute to a proper dispatch of its business and to the ends of justice, and it will not unduly delay consideration of any such appeals.

§ 8.15 Motions; extensions of time.

(a) Except as otherwise provided in this part, any application for an order or other relief shall be made by motion. Except when made orally before the Board, motions shall be in writing and shall be accompanied by proof of service on all other parties. If a motion is supported by briefs, affidavits, or other papers, they shall be served and filed with the motion. Any party may respond to the motion within such time as may be provided by the Board.

(b) Requests for extension of time as to the filing of papers or oral presentation shall be in the form of a motion under paragraph (a) of this section.

§ 8.16 Oral proceedings.

(a) With respect to any proceedings before it, the Board may upon its own initative or upon request of any interested party direct the interested parties to appear before the Board or its designee at a specified time and place in order to simplify the issues persented or to take up any other matters which may tend to expedite or facilitate the disposition of the proceeding.

(b) In its discretion, the Board or a single presiding member may permit oral argument in any proceeding. The Board or the presiding member shall prescribe the time and place for argument and the time allocated for argument. A petitioner wishing to make oral argument should make the request therefore in the petition.

§ 8.17 Decision of the Board.

(a) Unless the petitioner consents to disposition by a single member, decisions of the Board shall be by majority vote.

(b) Where petitioner consents to disposition by a single member, other interested parties shall have an opportunity to oppose such disposition, and such opposition shall be taken into consideration by the Board in determining whether the decision shall be by a single member or majority vote.

§ 8.18 Public information.

Subject to the provisions of Part 70 of this title, all papers and documents made a part of the official record in the proceedings of the Board and decisions of the Board shall be made available for public inspection during usual business hours at the Office of the Board of Service Contract Appeals, U.S. Department of Labor, Washington, D.C. 20210.

§ 8.19 Equal Access to Justice Act.

Proceedings under the Service Contract Act and the Contract Work Hours and Safety Standards Act are not subject to the Equal Access to Justice Act (Pub. L. 96-481). Accordingly, in any proceeding conducted pursuant to the provisions of this Part 8, the Board shall have no power or authority to award attorney fees and/or other litigation expenses pursuant to the Equal Access to Justice Act.

PART 11—DEPARTMENT OF LABOR NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) COMPLIANCE PROCEDURES

Subpart A—General Provisions

Sec.
11.1 Purpose and scope.
11.2 Applicability.
11.3 Responsible agency officials.

Sec.

Subpart B—Administrative Procedures

11.10 Identification of agency actions.
11.11 Development of environmental analyses and documents.
11.12 Content and format of environmental documents.
11.13 Public participation.
11.14 Legislation.

AUTHORITY: NEPA, (42 U.S.C. 4321 *et seq.*), Executive Order 11514, Protection and Enhancement of Environmental Quality (March 5, 1970, as amended by Executive Order 11991, May 24, 1977) and Council on Environmental Quality Regulations (National Environmental Policy Act, Implementation of Procedural Provisions) 40 CFR Parts 1500-1508 (43 FR 55978).

SOURCE: 45 FR 51188, Aug. 1, 1980, unless otherwise noted.

Subpart A—General Provisions

§ 11.1 Purpose and scope.

(a) The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 *et seq.*) directs that, "to the fullest extent possible, * * * the policies, regulations and public laws of the United States shall be interpreted and administered in accordance with the policies set forth" in the Act for the preservation of the environment. As a means for achieving this objective, Executive Order 11991 of May 24, 1977 (amending E.O. 11514 of March 5, 1970) directed the Council on Environmental Quality (CEQ) to issue uniform regulations for implementation of NEPA by all Federal agencies. These regulations were published in final form on November 29, 1978 (43 FR 55978) as 40 CFR Parts 1500-1508. The CEQ's NEPA regulations require that each Federal agency adopt implementing procedures to supplement their regulations (40 CFR 1507.3). Accordingly, the purpose of this part is to prescribe procedures to be followed by Department of Labor agencies when such agencies are contemplating actions which may be subject to the requirements of NEPA. These regulations do not replace 40 CFR Parts 1500-1508; rather they are to be read together with, and as a supplement to, the CEQ's regulations.

(b) It is the responsibility of each agency to comply with the policies set forth in NEPA to the fullest extent possible and consistent with its statutory authority. Each agency shall comply with all applicable requirements of this part except where compliance would be inconsistent with other statutory requirements. However, no trivial violation of, or noncompliance with, these procedures shall give rise to an independent cause of action (cf. 40 CFR 1500.3 and 1507.3(b)).

§ 11.2 Applicability.

Although all Department of Labor agencies are subject to NEPA, only three of its agencies routinely propose or consider actions which may require the preparation of environment assessments or environmental impact statements. These are the Occupational Safety and Health Administration (OSHA), which acts pursuant to the Occupational Safety and Health Act of 1970 (29 U.S.C. 651, *et seq.*); the Mine Safety and Health Administration (MSHA), which acts pursuant to the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 801, *et seq.*); and the Employment and Training Administration (ETA) (through one of its major programs, the Job Corps) which purchases and leases land and constructs Job Corps centers pursuant to the Comprehensive Employment and Training Act (29 U.S.C. 801, *et. seq.*). Therefore, these procedures have been designed primarily with the duties and rulemaking processes of these agencies in mind. If and when other Department of Labor agencies propose actions requiring environmental impact analyses, they shall use these procedures, to the extent that they are applicable, in performing such analyses.

§ 11.3 Responsible agency officials.

(a) The Assistant Secretary of Labor for Policy, Evaluation and Research (ASPER) shall be responsible for the following:

(1) Overall review of Department of Labor agency compliance with the requirements of NEPA, the CEQ's regulations and these Departmental procedures;

(2) Maintaining contacts with CEQ and the Environmental Protection Agency (EPA) as the Departmental NEPA liaison; and

(3) Preparing and coordinating Departmental comments in response to environmental impact statements prepared by other Federal agencies which have been submitted to the Department for review, as required by 40 CFR 1503.2.

(b) Assistant Secretaries of Labor and other officials of equivalent rank or responsibility (hereinafter "agency heads") shall be responsible for their agencies' compliance with NEPA.

(1) These responsibilities shall include the following:

(i) Assuring that the agencies under their control observe the requirements of 40 CFR 1507.2 on compliance capability;

(ii) Preparing environmental impact assessments and statements in accordance with the requirements of these regulations and 40 CFR Parts 1501 and 1502, and advising private applicants, or other non-Federal entities, of the possible need for information foreseeably required for later Federal action pursuant to 40 CFR 1501.2(d);

(iii) Assuring public participation in the NEPA process in accordance with 40 CFR Parts 1503 and 1506;

(iv) Commenting on environmental impact statements prepared by other agencies, when their agencies have jurisdiction by law or special expertise with respect to any environmental impacts connected with a proposed action, as required by 40 CFR Part 1503;

(v) Assuring that environmental documents prepared by their agencies accompany proposed actions through existing agency review processes, and that, along with other relevant materials, and consistent with 40 CFR 1505.1(e), the full range of alternatives discussed in these documents are considered in the planning of agency actions and in the making of decisions and that the alternatives considered are encompassed by those discussed in the documents; and

(vi) Assuring, where possible, the mitigation of adverse environmental effects of agency actions.

(2) In accordance with 40 CFR 1506.5(c), agency heads will also be responsible for assuring the quality of

environmental impact statements prepared by their agencies. Where environmental impact statements will be prepared by a contractor, the agency heads will assure that their agencies furnish guidance to the contractor, participate in the document's preparation, independently evaluate the statement prior to approval and take responsibility for the scope and contents.

(c) Agency heads may designate program offices or individuals as NEPA contacts for their agencies. The name and address of the NEPA contact shall be included on the cover sheet of each environmental document published by the agency, or if no cover sheet is provided, the name and address of this office or individual shall be included with any instructions to the public on obtaining further information or submitting comments on the document.

(1) It shall be the duty of an agency's NEPA contact to know the status of all environmental documents being prepared by the agency or in cooperation with another agency.

(2) The NEPA contact shall receive and respond to inquiries concerning the status of all environmental documents being prepared within the agency or in cooperation with another agency.

Subpart B—Administrative Procedures

§ 11.10 Identification of agency actions.

Pursuant to the CEQ definition of "major Federal action" (40 CFR 1508.18) and 40 CFR 1507.3(b)(2), the following paragraphs identify and classify Department of Labor actions which: normally will not require preparation of an environmental document (i.e. an environmental assessment or an environmental impact statement); or usually will require preparation of an environmental document.

(a) *OSHA/MSHA actions.* Actions of the Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration (MSHA) are classified as follows:

(1) *Categorically excluded actions.* OSHA/MSHA actions listed in the following Table will normally qualify for categorical exclusion from NEPA requirements: i.e., such actions do not require preparation of either an environmental assessment or an environmental impact statement, because they do not have a significant impact on the quality of the human environment. Classification as a categorical exclusion, however, does not prohibit OSHA or MSHA from preparing an environmental assessment or environmental impact statement on any of the following actions when OSHA or MSHA determines it to be appropriate. Also, in extraordinary circumstances where a normally excluded action is found to have a potentially significant environmental effect, OSHA or MSHA shall prepare an environmental assessment and/or an environmental impact statement as required.

OSHA/MSHA Categorical Exclusions

Type of action	Reason for exclusion
(i) Promulgation, modification or revocation of any safety standard. Examples of these actions are: machine guarding requirements, safety lines, warning signals, etc.	Safety standards promote injury avoidance by means of mechanical applications or work practices, the effects of which do not impact on air, water or soil quality, plant or animal life, the use of land or other aspects of the human environment.
(ii) Approval of petitions for variances from MSHA/OSHA safety standards or OSHA health standards.	Variances are taken from existing standards. Thus environmental documents, as appropriate, will already have been prepared. In terms of worker health and safety, any variance must be at least as effective as the original standard.
(iii) Agency legislative requests for appropriations.	Exempted by 40 CFR 1508.17.
(iv) Recordkeeping and reporting requirements.	No possibility of significant environmental impact.
(v) Routine agency personnel actions.	Such actions typically involve small numbers of individuals and have no possibility of significant environmental impact.
(vi) Training of employers, employees, agency personnel and others in the recognition, avoidance or abatement of occupational hazards. Providing consultative services to industry.	These actions involve educational activities which have no possibility of significant environmental impact.
(vii) Enforcement proceedings.	Exempted by 40 CFR 1508.18.
(viii) Equipment approvals	No possibility of significant environmental impact.

OSHA/MSHA Categorical Exclusions—Continued

Type of action	Reason for exclusion
(ix) State grants under Sec. 503 of the Federal Mine Safety and Health Act.	These grants assist States in developing and implementing laws to improve mine safety and health and to promote coordination between State and Federal governments. They have no possibility of significant environmental impact.
(x) Certification or qualification proceedings.	No possibility of significant environmental impact.

(2) *Actions requiring environmental assessment.* Several classes of OSHA/MSHA actions normally require the preparation of an environmental assessment prior to determining whether either a finding of no significant impact or an environmental impact statement must be prepared. (However, OSHA or MSHA may proceed to prepare an environmental impact statement, without first preparing an environmental assessment, if it determines such action to be appropriate or necessary, as provided by 40 CFR 1501.3(a)). Actions in this classification include:

(i) Promulgation, modification or revocation of a health standard; and

(ii) Approval or revocation of State plans for the enforcement of safety and health standards (not applicable to MSHA).

(3) *Actions requiring preparation of an environmental impact statement.* Preparation of an environmental impact statement will always be required for proposals for promulgation, modification or revocation of health standards which will significantly affect air, water or soil quality, plant or animal life, the use of land or other aspects of the human environment.

(4) *Emergency temporary standards.* Situations requiring the issuance of emergency temporary standards (issued for a period of up to six months, pursuant to Sec. 6(c) of the Occupational Safety and Health Act of 1970, and for a period of up to nine months, pursuant to Sec. 101(b) of the Federal Mine Safety and Health Act of 1977) are of such nature that the provisions of 40 CFR Parts 1500 *et seq.* may not be strictly observable. Pursuant to 40 CFR 1506.11, however, OSHA and MSHA will consult with the Council on Environmental Quality in connection with such situations, and will, in any event, prepare environmental assessments or environmental impact statements, as appropriate, on any proposed permanent regulation to be promulgated for the purpose of replacing the temporary action.

(b) *Real property actions.* Actions that will involve construction, or the purchase or lease of property, in connection with the establishment or substantial alteration of a Job Corps center, of any similar Job Corps facility, or other property actions of a similar character by another agency, will normally require the preparation of an environmental assessment prior to determining whether either a finding of no significant impact or an environmental impact statement must be prepared.

(c) *Other Departmental actions.* Certain actions taken to implement other Department of Labor programs will normally qualify for categorical exclusion from NEPA requirements. These matters are excluded because the possibility of environmental impact is remote. However, classification as a categorical exclusion does not prohibit or release an agency from preparing an environmental assessment or environmental impact statement when the agency determines it to be appropriate. These actions include:

(1) U.S. Employment Service activities and related placement, counseling, recruitment, information, testing, certification and associated actions;

(2) Apprenticeship activities and related certification and technical assistance actions;

(3) Training activities, other than Job Corps, including work experience, classroom training and public service employment;

(4) Unemployment insurance, trade adjustment assistance, workers' compensation programs, retirement programs, employee protection programs, and related employees benefit programs or activities involving the replacement or regulation of employee wages;

(5) Wage and hour programs to protect low-income workers, eliminate dis-

criminatory employment practices, prevent curtailment of employment and earnings for certain groups of workers, minimize loss of income due to indebtedness, protect farm and migrant labor and related activities;

(6) Contract compliance programs to ensure equal employment opportunity and related actions;

(7) Labor-management relations activities and activities of labor organizations, employers and their officers or representatives;

(8) Research, evaluation, development and information collection projects related to any of the aforementioned activities;

(9) Labor statistics programs; and

(10) Matters involving personnel policy, procurement policy, freedom of information and privacy policy, and related matters of Departmental management.

§ 11.11 Development of environmental analyses and documents.

(a) Potential environmental effects of agency actions shall begin to be examined at the time a topic for potential action is submitted to the agency staff for research, proposal development, or other consideration. During this stage the agency shall determine whether the type of action which may be proposed may be categorically excluded from NEPA environmental analysis requirements pursuant to § 11.10. If the type of action being considered is not categorically excluded, or is an extraordinary case of a normally excluded action which may have significant environmental impacts, development of the information needed to make an environmental assessment shall begin. Actions described in § 11.10(b) shall be submitted to the Assistant Secretary for Administration and Management at this point, pursuant to applicable Departmental procedures, for appropriate review, including a determination with respect to whether or not the action is located in or near a floodplain or wetlands area in connection with the requirements of Executive Orders 11988 and 11990.

(b) When information gathered during the early stages of proposal development indicates that preparation of an environmental impact statement will be required, the agency shall begin preparation of such a document by initiating the scoping process in accordance with 40 CFR 1501.7. However, if the information is not clearly indicative of the need for preparation of an environmental impact statement, an environmental assessment shall be prepared.

(c) Agencies are encouraged, in developing environmental assessments, to explore all factors which it may become necessary to examine should it be determined that preparation of an environmental impact statement is necessary, even though some of those factors, such as economic and social effects, "are not intended by themselves to require preparation of an environmental impact statement" (40 CFR 1508.14). Thus in making environmental assessments of real property actions described in § 11.10(b), agencies are encouraged to consider the following factors, among others:

(1) The nature and degree of any former use of a proposed facility and the number of individuals the facility formerly served, as compared with its use and population to be served under the new proposal;

(2) The population of the area (numbers, density and makeup);

(3) Community facilities and services, taking into consideration capacity and present and former use, including: health services (hospitals, physicians), business and community development policy, recreational facilities (parks, theaters), fire and police protection, schools, energy resources, waste disposal, water, traffic and roadway systems, sewage systems, communications, and public transportation;

(4) The proximity of the facility to residential areas;

(5) The potential impact on the quality of drinking water, air quality, noise levels, designated scenic areas, land use, soil quality (including drainage or erosion problems), buildings valued for their design or which are otherwise locally significant, the listing or eligibility for listing of a site in the National Register for Historic places, consistent with the requirements of 20 CFR 684.24a where applicable, neighborhood character, and health and safety of residents;

(6) The potential impact on natural systems and resources including rivers and streams, forests, wetlands, floodplains, wilderness areas or places, and species designated for preservation, including species of plants and animals and their critical habitats as identified in regulations published by the Secretary of the Interior (50 CFR Chapter I, Part 17), and by the Secretary of Commerce (50 CFR Chapter II, Parts 217, 222.23, 223, and 227.4); and

(7) Other considerations appropriate in light of the nature and size of the project.

(d) If an agency determines, on the basis of an environmental assessment, that preparation of an environmental impact statement is not required, notice of a finding of no significant impact and the availability of the environmental assessment shall be prepared and published in the FEDERAL REGISTER. In the case of proposed rulemaking, the notice of a finding of no significant impact may be published in the FEDERAL REGISTER at any time prior to the publication of the proposed action, or it may be included in the FEDERAL REGISTER notice of proposed rulemaking. Issuance of a finding of no significant impact at the proposal stage of rulemaking shall not foreclose further consideration of environmental issues during the rulemaking proceedings. Therefore the Department of Labor notes that, consistent with 40 CFR 1500.3, the finding shall not be considered final until promulgation of the rule involved (the action affecting the environment).

(1) If it is determined that preparation of an environmental impact statement is not required for an action, but that action is one which would normally require the preparation of an environmental impact statement, an action closely similar to one which would normally require the preparation of an environmental impact statement, or an action without precedent in this regard, the agency shall make a preliminary finding of no significant impact available for public review and comment. In accordance with 40 CFR 1501.4(e)(2), this finding shall be made available for at least 30 days before a final determination is made as to whether an environmental impact statement will be prepared, and before any public record may be closed and the proposed action may become effective.

(2) Although not required by 40 CFR 1501.4(e)(2), an agency may use the procedure described in § 11.11(d)(1) whenever the agency determines it to be appropriate.

(e) If it is determined on the basis of an environmental assessment, prepared in connection with an action described in § 11.10(b), that preparation of an environmental impact statement is required, or that public review is required in connection with actions in floodplains or wetlands that do not require environmental impact statements under E.O. 11988 or E.O. 11990, the agency shall consider altering the proposed action or changing the site of the proposed project, and shall proceed with preparation of an environmental impact statement or appropriate public review actions only after obtaining written authorization from the Assistant Secretary for Administration and Management.

(f) Filing of any draft environmental impact statement with the Environmental Protection Agency (EPA), pursuant to 40 CFR 1506.9, and circulation to the public, will ordinarily coincide with publication of the proposed agency action, which is the subject of that document, in the FEDERAL REGISTER. In any event, the statement will be made available for public comment for at least a 45-day period.

(g) The final decision on the proposed action shall be made not earlier than 90 days following publication of EPA's notice of the filing of the draft environmental impact statement, and, except as provided below, not earlier than 30 days following publication of EPA's notice of the filing of the final environmental impact statement.

(1) In accordance with 40 CFR 1506.10, an agency engaged in rulemaking under the Administrative Procedure Act or other statute, for the purpose of protecting the public health or safety, may waive the 30-day time period noted above and publish a decision on a final rule simultaneously with publication of the notice of the availability of the final environmental impact statement. Therefore, Depart-

mental agencies (such as OSHA and MSHA) meeting these requirements, may file and circulate the final environmental impact statement at the same time a notice of decision is being published, provided that the final rule or action may not become effective for at least 30 days from the date of publication of the EPA's notice of filing of the final environmental impact statement.

(2) If a supplement to a final environmental impact statement is prepared, it shall be incorporated into the rulemaking record. If the supplement is prepared following the close of the rulemaking record and is based on, or introduces, new data or major new alternatives or analyses, the rulemaking record will be reopened for at least 30 days to receive public comments. The final action may not become effective for at least 30 days following EPA publication of the filing of the supplemental statement.

(h) In accordance with 40 CFR 1505.2, when an agency prepares a final environmental impact statement, the agency shall prepare a concise public record of decision detailing what the decision was, what alternatives were considered (specifying the environmentally preferable alternative), how those considerations entered into the decision, and whether all practicable means to avoid or minimize environmental harm from the alternative selected have been adopted, and if not, the reason they were not. This record may be contained in, or integrated with, the preamble to the Federal Register notice of final action or in any other public document considered appropriate by the agency.

§ 11.12 Content and format of environmental documents.

(a) An environmental assessment may be prepared in any format considered effective by the agency involved. When such a document is prepared in connection with a proposed action, it must be made readily available to the public either by placement into the public record (with public notice provided in accordance with 40 CFR Part 1506) or by publication in the Federal Register. The preamble to the Federal Register notice of proposed rulemaking may be considered the environmental assessment provided that the document contains the elements required by 40 CFR 1508.9(b).

(b) A finding of no significant impact (40 CFR 1508.13) may be prepared in any format considered to be effective or necessary by the agency involved in the proposed action.

(c) The finding of no significant impact, and the environmental assessment on which it was based, as well as any comments received in response to these documents shall be included in the public record of the proposed action.

(d) Department of Labor agencies shall comply with the format requirements for environmental impact statements as set forth at 40 CFR 1502.10, except when an agency determines that there is a compelling reason to do otherwise, such as more effective communication or reduced duplication of effort and paperwork (40 CFR 1506.4). For example, in OSHA/MSHA informal rulemaking proceedings, environmental documents may be combined with the Federal Register notice of proposed or final rulemaking. Filing and circulation of the combined preamble/environmental document shall be in accordance with the requirements of 40 CFR 1506.9.

(e) The final environmental impact statement shall contain any changes in information or supplemental information received since the filing and circulation of the draft environmental impact statement, as well as a summary, or copies of the substantive comments received in response to the draft environmental impact statement. If such changes and comments are minor, an agency may circulate only the changes and comments, including responses to the comments, rather than the entire impact statement, to the extent permitted by 40 CFR 1502.19. However, the entire document, with a new cover sheet, shall be filed with EPA and placed in the rulemaking record.

§ 11.13 Public participation.

(a) When an agency has determined that preparation of an environmental impact statement is required, the agency shall publish a notice of intent to prepare an environmental impact statement in the FEDERAL REGISTER and shall invite public participation in the agency's scoping process as required by 40 CFR 1501.7.

(b) When the draft environmental impact statement has been prepared and filed with the EPA pursuant to § 11.11(f), comments on the document shall be solicited from appropriate Federal, State and local agencies, Indian tribes, and other persons or organizations who may be interested or affected, as required by 40 CFR 1503.1.

(c) In the case of an action with effects primarily of local concern, agencies shall consider the use of clearinghouses, newspapers and other public media likely to generate local participation in the agency process as ways of supplementing the notices otherwise specified in this part. The use of such public media does not, however, require or authorized the use of paid advertising.

§ 11.14 Legislation.

Notwithstanding any provisions of this part, environmental assessments or impact statements prepared in connection with requests for new legislation or modification of existing statutes shall be handled in accordance with applicable OMB and Department of Labor procedures on the preparation and submission of legislative proposals and the requirements of 40 CFR 1506.8.

PART 12—UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION FOR FEDERAL AND FEDERALLY ASSISTED PROGRAMS

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APPENDIX A ADDITIONAL INFORMATION.
APPENDIX B STATISTICAL REPORT FORM.

AUTHORITY: Sec. 213, Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Pub. L. 91-646, 84 Stat. 1894 (42 U.S.C. 4601).

SOURCE: 51 FR 7012, Feb. 27, 1986, unless otherwise noted.

Subpart A—General

§ 12.1 Purpose.

The purpose of these regulations is to promulgate rules to implement the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 *et seq.*), in accordance with the following objectives:

(a) To ensure that owners of real property to be acquired for Federal and federally-assisted projects are treated fairly and consistently, to encourage and expedite acquisition by agreements with such owners, to minimize litigation and relieve congestion in the courts, and to promote public confidence in Federal and federally-assisted land acquisition programs; and

(b) To ensure that persons displaced as a result of Federal or federally-assisted projects are treated fairly, consistently, and equitably so that such persons will not suffer disproportionate injuries as a result of projects designed for the benefit of the public as a whole.

§ 12.2 Definitions.

(a) *Agency.* The term "Agency" means the Federal agency, State or State agency which acquires the real property or displaces a person (see § 12.2(f)).

(b) *Business.* The term "business" means any lawful activity, except a farm operation, that is conducted:

(1) Primarily for the purchase, sale, lease, and/or rental of personal and/or real property, and/or for the manufacture, processing, and/or marketing of products, commodities, and/or any other personal property; or

(2) Primarily for the sale of services to the public; or

(3) Solely for the purpose of § 12.303 of these regulations, conducted primarily for outdoor advertising display purposes, when the display must be moved as a result of the project; or

(4) By a nonprofit organization that has established its nonprofit status under applicable Federal or State law.

(c) *Comparable replacement dwelling.* The term "comparable replacement dwelling" means a dwelling which is:

(1) Decent, safe, and sanitary as described in § 12.2(e).

(2) Functionally similar to the displacement dwelling with particular attention to the number of rooms and living space. (See Appendix A.)

(3) In an area that is not subject to unreasonable adverse environmental conditions, is not generally less desirable than the location of the displaced person's dwelling with respect to public utilities and commercial and public facilities, and is reasonably accessible to the person's place of employment.

(4) On a site that is typical in size for residential development with normal site improvements, including customary landscaping. The site need not include special improvements such as outbuildings, swimming pools, or greenhouses. (See also § 12.403(a) (2).)

(5) Currently available to the displaced person on the private market. However, a comparable replacement dwelling for a person receiving government housing assistance before displacement may reflect similar government housing assistance. (See Appendix A.)

(6) Within the financial means of the displaced person.

(i) A replacement dwelling purchased by a homeowner in occupancy for at least 180 days prior to initiation of negotiations (180-day homeowner) is considered to be within the homeowner's financial means if the homeowner is paid the full price differential as described at § 12.401(c), all increased mortgage interest costs as described at § 12.401(d) (for last resort housing see Appendix A, § 12.602) and all incidental expenses as described at § 12.401(e).

(ii) A replacement dwelling rented by a displaced person is considered to be within his or her financial means if the monthly rent at the replacement dwelling does not exeed the monthly rent at the displacement dwelling, after taking into account any rental assistance which the person receives under these regulations. If the cost of any utility service is included in either rent, an appropriate adjustment must be made if necessary to ensure that like circumstances are compared. For a person who paid little or no rent before displacement, the market rent of the displacement, the market rent of the displacement dwelling may be used when computing costs (see Appendix A, § 12.402(b) (1)).

(iii) Whenever a $15,000 replacement housing payment under § 12.401 or a $4,000 replacement housing payment under § 12.402 would be insufficient to ensure that a comparable replacement dwelling is available on a timely basis to a person, the Agency shall provide additional or alternative assistance under the last resort housing provisions at Subpart G, which may include increasing the replacement housing payment so that a replacement dwelling is within the displaced person's financial means.

(d) *Contribute materially.* The term "contribute materially" means that during the 2 taxable years prior to the taxable year in which displacement occurs, or during such other period as the Agency determines to be more equitable, a business or farm operation:

(1) Had average annual gross receipts of at least $5,000; or

(2) Had average annual net earnings of at least $1,000; or

(3) Contributed at least 33⅓ percent of the owner's or operator's average annual gross income from all sources.

(4) If the application of the above criteria creates an inequity or hardship in any given case, the Agency may approve the use of other criteria as determined appropriate.

(e) *Decent, safe, and sanitary dwelling.* The term "decent, safe, and sanitary dwelling" means a dwelling which meets applicable housing and occupancy codes. However, any of the following standards which are not met by an applicable code shall apply, unless waived for good cause by the Federal agency funding the project. The dwelling shall:

(1) Be structurally sound, weathertight, and in good repair.

(2) Contain a safe electrical wiring system adequate for lighting and other electrical devices.

(3) Contain a heating system capable of sustaining a healthful temperature (of approximately 70 degrees) for a displaced person, except in those areas where local climatic conditions do not require such a system.

(4) Be adequate in size with respect to the number of rooms and area of living space needed to accommodate the displaced person. There shall be a separate, well-lighted and ventilated bathroom that provides privacy to the user and contains a sink, bathtub or shower stall, and a toilet, all in good working order and properly connected to appropriate sources of water and to a sewage drainage system. In the case of a housekeeping dwelling, there shall be a kitchen area that contains a fully usable sink, properly connected to potable hot and cold water and to a sewage drainage system, and adequate space and utility service connections for a stove and refrigerator.

(5) Contains unobstructed egress to safe, open space at ground level. If the replacement dwelling unit is on the second story or above, with access directly from or through a common corridor, the common corridor must have at least two means of egress.

(6) For a displaced person who is handicapped, be free of any barriers which would preclude reasonable ingress, egress, or use of the dwelling by such displaced person.

(f) *Displaced person.* (1) *General.* The term "displaced person" means any person (defined at § 12.2(m)) who moves from the real property or moves his or her personal property from the real property:

(i) As a direct result of the Agency's acquisition of such real property in whole or in part for a project. This includes any person who moved from the real property as a result of the initiation of negotiations as described at § 12.2(k); or

(ii) As a result of a written order from the acquiring Agency to vacate such real property for the project; or

(iii) As a result of the Agency's acquisition of, or written order to vacate, for a project, other real property on which the person conducts a business or farm operation. Eligibility as a displaced person under this subparagraph applies only for purposes of obtaining relocation assistance advisory services under § 12.205 and moving expenses under § 12.301, § 12.302, or § 12.303.

(2) *Persons not displaced.* The following is a nonexclusive listing of persons who do not qualify as a displaced person under these regulations.

(i) A person who moves before the initiation of negotiations (see also § 12.403(e)); or

(ii) A person who initially enters into occupancy of the property after the date of its acquisition for the project; or

(iii) A person who is not required to relocate permanently as a direct result of a project. Such determination shall be made by the Agency in accordance with any guidelines established by the Federal agency funding the project (see also Appendix A); or

(iv) A person whom the Agency determines is not displaced as a direct result of a partial acquisition; or

(v) A person who, after receiving a notice of relocation eligibility (described at § 12.203), is notified in writing that he or she will not be displaced for a project. Such notice shall not be issued unless the person has not moved and the Agency agrees to reimburse the person for any expenses incurred to satisfy any binding contractual relocation obligations entered into after the effective date of the notice of relocation eligibility; or

(vi) An owner-occupant who voluntarily sells his or her property (as described at § 12.101(a) in Appendix A) after being informed in writing that if a mutually satisfactory agreement of sale cannot be reached, the Agency will not acquire the property. In such cases, however, any resulting displacement of a tenant is subject to these regulations; or

(vii) A person who retains the right of use and occupancy of the real property for life following its acquisition by the Agency; or

(viii) A person who retains the right of use and occupancy of the real property for a fixed term after its acquisition by the Department of Interior under Pub. L. 93-477 or Pub. L. 93-303.

(g) *Dwelling.* The term "dwelling" means the place of permanent or customary and usual residence of a person, according to local custom or law, including a single family house; a single family unit in a two-family, multi-family, or multi-purpose property; a unit of a condominium or cooperative housing project; a non-housekeeping unit; a mobile home; or any other residential unit.

(h) *Farm operation.* The term "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities, including timber, for sale or home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

(i) *Federal agency.* The term "Federal agency" means any department, agency, or instrumentality in the Executive Branch of the Government, any wholly owned Government corporation, and the Architect of the Capitol, the Federal Reserve Banks and branches thereof.

(j) *Federal financial assistance.* The term "Federal financial assistance" means any Federal grant, loan, or contribution, except a Federal guarantee or insurance.

(k) *Initiation of negotiations.* The term "initiation of negotiations" means the delivery of the initial written offer by the Agency to the owner or the owner's representative to purchase real property for a project for the amount determined to be just compensation, unless applicable Federal program regulations specify a different action to serve this purpose. However:

(1) If the Agency issues a notice of its intent to acquire the real property, and a person moves after that notice, but before delivery of the initial written purchase offer, the "initiation of

negotiations" means the date the person moves from the property. (See also § 12.505(c).)

(2) In the case of a permanent relocation to protect the public health and welfare, under the Comprehensive Environmental Response Compensation and Liability Act of 1980 (Pub. L. 96-510, or "Superfund") the "initiation of negotiations" means the formal announcement of such relocation or the Federal or federally-coordinated health advisory where the Federal Government later decides to conduct a permanent relocation.

(l) *Owner of displacement dwelling.* A displaced person is considered to have met the requirement to own a displacement dwelling if the person holds any of the following interests in real property acquired for a project:

(1) Fee title, a life estate, a 99-year lease, or a lease, including any options for extension, with at least 50 years to run from the date of acquisition; or

(2) An interest in a cooperative housing project which includes the right to occupy a dwelling; or

(3) A contract to purchase any of the interests or estates described in paragraphs (l) (1) or (2) of this section, or

(4) Any other interest, including a partial interest, which in the judgment of the Agency warrants consideration as ownership.

(m) *Person.* The term "person" means any individual, family, partnership, corporation, or association.

(n) *Salvage value.* The term "salvage value" means the probable sale price of an item, if offered for sale on the condition that it will be removed from the property at the buyer's expense, allowing a reasonable period of time to find a person buying with knowledge of the uses and purposes for which it is adaptable and capable of being used, including separate use of serviceable components and scrap when there is no reasonable prospect of sale except on that basis.

(o) *State.* The term "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, the Trust Territories of the Pacific Islands, or a political subdivision of any of these jurisdictions.

(p) *State agency.* The term "State agency" means any department, agency or instrumentality of a State or of a political subdivision of a State, or two or more States, or of two or more political subdivisions of a State or States.

(q) *Tenant.* The term "tenant" means a person who has the temporary use and occupancy of real property owned by another.

(r) *Uniform Act.* The term "Uniform Act" means the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894; 42 U.S.C. 4601 *et seq.*; Pub. L. 91-646), and amendments thereto.

§ 12.3 No duplication of payments.

No person shall receive any payment under these regulations if that person receives a payment under Federal, State, or local law which is determined to have the same purpose and effect as such payment under these regulations. (See Appendix A, § 12.3.)

§ 12.4 Assurances, monitoring and corrective action.

(a) *Assurances.* Before a Federal agency may approve any grant to, or contract or agreement with, a State agency under which Federal financial assistance will be made available for a project which results in real property acquisition or displacement that is subject to the Uniform Act, the State agency must provide appropriate assurances that it will comply with the Uniform Act and these regulations. A State agency's assurances under section 305 of the Uniform Act must contain specific reference to the State law which the Agency believes provides an exception to sections 301 or 302 of the Uniform Act. If, in the judgment of the Federal agency, Uniform Act compliance will be served, a State agency may provide these assurances at one time to cover all subsequent federally assisted programs or projects.

(b) *Monitoring and corrective action.* The Federal agency will monitor compliance with these regulations, and the State agency shall take whatever corrective action is necessary to comply with the Uniform Act and these regulations. The Federal agency may also apply sanctions in accordance with applicable program regulations.

(c) *Prevention of fraud, waste, and mismanagement.* The Agency shall take appropriate measures to carry out these regulations in a manner that minimizes fraud, waste, and mismanagement.

§ 12.5 Manner of notices.

Each notice which the Agency is required to provide to a property owner or occupant under these regulations, except the notice described at § 12.102(b), shall be personally served or sent by certified or registered first-class mail, return receipt requested, and documented in Agency files. Each notice shall be written in plain, understandable language. Persons who are unable to read and understand the notice must be provided with appropriate translation and counseling. Each notice shall indicate the name and telephone number of a person who may be contacted for answers to questions or other needed help.

§ 12.6 Administration of jointly funded projects.

Whenever two or more Federal agencies provide financial assistance to an Agency or Agencies to carry out functionally or geographically related activities which will result in the acquisition of property or the displacement of a person, the Federal agencies may by agreement designate one such agency as the cognizant Federal agency. At a minimum, the agreement shall set forth the federally assisted activities which are subject to its terms and cite any policies and procedures, in addition to these regulations, that are applicable to the activities under the agreement. Under the agreement, the cognizant Federal agency shall assure that the project is in compliance with the provisions of the Uniform Act and these regulations. All federally assisted activities under the agreement shall be deemed a project for the purposes of these regulations.

§ 12.7 Federal agency waiver of regulations.

The Federal agency funding the project may waive any requirement in this part not required by law if it determines that the waiver does not reduce any assistance or protection provided to an owner or displaced person under this part. Any request for a waiver shall be justified on a case-by-case basis.

§ 12.8 Compliance with other laws and regulations.

The implementation of these regulations shall be in compliance with all applicable laws and implementing regulations, including the following:

(a) Section I of the Civil Rights Act of 1866 (42 U.S.C. 1982 *et seq.*).

(b) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*).

(c) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 *et seq.*), as amended.

(d) The National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*).

(e) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 790 *et seq.*).

(f) Executive Order 12250—Leadership and Coordination of Non-Discrimination Laws.

(g) Executive Order 11063—Equal Opportunity and Housing, as amended by Executive Order 12259.

(h) Executive Order 11246—Equal Employment Opportunity.

(i) Executive Order 11625—Minority Business Enterprise.

(j) Executive Order 12259—Leadership and Coordination of Fair Housing in Federal Programs.

(k) The Flood Disaster Protection Act of 1973 (Pub. L. 93-234);

(l) Executive Orders 11988, Floodplain Management, and 11990, Protection of Wetlands.

(m) The Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*).

§ 12.9 Recordkeeping and reports.

(a) *Records.* The Agency shall maintain adequate records of its acquisition and displacement activities in sufficient detail to demonstrate compliance with these regulations. These records shall be retained for at least 3 years after each owner of a property and each person displaced from the property receives the final payment to which he or she is entitled under these regulations.

(b) *Confidentiality of records.* Records maintained by an Agency in accordance with these regulations are confidential regarding their use as public information, unless applicable law provides otherwise.

(c) *Reports.* The Agency shall submit a report of its real property acquisition and displacement activities under these regulations if required by the Federal agency funding the project. A report will not be required more frequently than every 3 years, or as the Uniform Act provides, unless the Federal funding agency shows good cause.

§ 12.10 Appeals.

(a) *General.* The Agency shall promptly review appeals in accordance with the requirements of applicable law and these regulations.

(b) *Actions which may be appealed.* A person may file a written appeal with the Agency in any case in which the person believes that the Agency has failed to properly determine the person's eligibility for, or the amount of, a payment required under § 12.106 or § 12.107, or a relocation payment required under these regulations. The Agency shall consider a written appeal regardless of form.

(c) *Time limit for initiating appeal.* The Agency may set a reasonable time limit for a person to file an appeal. The time limit shall not be less than 60 days after the person receives written notification of the Agency's determination on the person's claim.

(d) *Right to representation.* A person has a right to be represented by legal counsel or other representative in connection with his or her appeal, but solely at the person's own expense.

(e) *Review of files by person making appeal.* The Agency shall permit a person to inspect and copy all materials pertinent to his or her appeal, except materials which are classsified as confidential by the Agency. The Agency may, however, impose resonable conditions on the person's right to inspect, consistent with applicable laws.

(f) *Scope of review of appeal.* In deciding an appeal, the Agency shall consider all pertinent justification and other material submitted by the person, and all other available information that is needed to ensure a fair and full review of the appeal.

(g) *Determination and notification after appeal.* Promptly after receipt of all information submitted by a person in support of an appeal, the Agency shall make a written determination on the appeal, including an explanation of the basis on which the decision was made, and furnish the person a copy. If the full relief requested is not granted, the Agency shall advise the person of his or her right to seek judicial review.

(h) *Agency official to review appeal.* The Agency official conducting the review of the appeal shall be either the head of the Agency or his or her authorized designee. However, the official shall not have been directly involved in the action appealed.

Subpart B—Real Property Acquisition

§ 12.101 Applicability of acquisition requirements.

(a) *General.* The requirements of this subpart apply to any Agency acquisition of real property for a Federal or federally assisted project, except:

(1) Voluntary transactions that meet the criteria specified in Appendix A, § 12.101(a).

(2) The acquisition of real property from a Federal agency, State, or State agency, if the acquiring Agency does not have the authority to acquire the property through condemnation.

(b) *Less-than-full-fee interest in real property.* The requirements of this subpart apply to the acquisition of a life estate or a life use, to acquisition by leasing where the lease term, including option(s) for extension, is 50 years or more, and to the acquisition of permanent easements. (See also Appendix A, § 12.101 (b).)

(c) *Federally-assisted projects.* For federally-assisted projects the provisions of §§ 12.102, 12.103, 12.104, and 12.105 apply to the extent practicable under State law. (See § 12.4 (a).)

§ 12.102 Basic acquisition policies.

(a) *Expeditious acquisition.* The Agency shall make every reasonable effort to acquire the real property expeditiously by negotiation.

(b) *Notice to owner.* As soon as feasible, the owner shall be notified of the Agency's interest in acquiring the real property and the basic protections provided to the owner by law and these regulations. (See also § 12.203.)

(c) *Appraisal and invitation to owner.* Before the initiation of negotiations, the real property shall be appraised and the owner or the owner's designated representative shall be given an opportunity to accompany the appraiser during the appraiser's inspection of the property.

(d) *Establishment and offer of just compensation.* Before the initiation of negotiations, the Agency shall establish an amount which it believes is just compensation for the real property. The amount shall not be less than the approved appraisal of the fair market value of the property, taking into account the value of allowable damages or benefits to any remaining property. (See also § 12.104.) Promptly thereafter, the Agency shall make a written offer to the owner to acquire the property for the full amount believed to be just compensation.

(e) *Summary statement.* Along with the initial written purchase offer, the owner shall be given a written statement of the basis for the offer of just compensation, which shall include:

(1) A statement of the amount offered as just compensation. In the case of a partial acquisition, the compensation for the real property to be acquired and the compensation for damages, if any, to the remaining real property shall be separately stated.

(2) A description and location identification of the real property and the interest in the real property to be acquired.

(3) An identification of the buildings, structures, and other improvements (including removable building equipment and trade fixtures) which are considered to be part of the real property for which the offer of just compensation is made. Where appropriate, the statement shall identify any separately held ownership interest in the property, e.g., a tenant-owned improvement, and indicate that such interest is not covered by the offer.

(f) *Basic negotiation procedures.* The Agency shall make reasonable efforts to contact the owner or the owner's representative and (1) discuss its offer to purchase the property including the basis for the offer of just compensation, and (2) explain its acquisition policies and procedures, including its payment of incidental expenses in accordance with § 12.106. The owner shall be given reasonable opportunity to consider the offer and present material which the owner believes is relevant to determining the value of the property and to suggest modification in the proposed terms and conditions of the purchase. The Agency shall consider the owner's presentation.

(g) *Updating offer of just compensation.* If the information presented by the owner, or a material change in the character or condition of the property, indicates the need for new appraisal information, or if a significant delay has occurred since the time of the appraisal(s) of the property, the Agency shall have the appraisal(s) updated or obtain a new appraisal(s). If the latest appraisal information indicates that a change in the purchase offer is warranted, the Agency shall promptly reestablish just compensation and offer that amount to the owner in writing.

(h) *Coercive action.* The Agency shall not advance the time of condemnation, or offer negotiations or condemnation or the deposit of funds with the court, or take any other coercive action in order to induce an agreement on the price to be paid for the property.

(i) *Administrative settlement.* The purchase price for the property may exceed the amount offered as just compensation when reasonable efforts to negotiate an agreement at that amount have failed and an authorized Agency official approves such administrative settlement as being reasonable, prudent, and in the public interest. When Federal funds pay for or participate in acquisition costs, a written justification shall be prepared which indicates that available information (e.g., appraisals, recent court awards, estimated trail costs, or valuation problems) supports such a settlement.

(j) *Payment before taking possession.* Before requiring the owner to surrender possession of the real property, the Agency shall—

(1) Pay the agreed purchase price to the owner; or

(2) In the case of a condemnation, deposit with the court, for the benefit of the owner, an amount not less than the Agency's approved appraisal of the fair market value of such property, or the court award of compensation in the condemnation proceeding for the property.

In exceptional circumstances, with the prior approval of the owner, the Agency may obtain a right-of-entry for construction purposes before making payment available to an owner.

(k) *Uneconomic remnant.* If the acquisition of only a portion of a property would leave the owner with an uneconomic remnant, the Agency shall offer to acquire the uneconomic remnant along with the portion of the property needed for the project. An uneconomic remnant is a remaining part of the property in which the owner is left with an interest that the Agency determines has little or no utility or value to the owner.

(l) *Inverse condemnation.* If the Agency intends to acquire any interest in real property by exercise of the power of eminent domain, it shall institute formal condemnation proceedings and not intentionally make it necessary for the owner to institute legal proceedings to prove the fact of the taking of the real property.

(m) *Fair rental.* If the Agency permits a former owner or tenant to occupy the real property after acquisition for a short term or a period subject to termination by the Agency on short notice, the rent shall not exceed the fair market rent for such occupancy.

§ 12.103 Criteria for appraisals.

(a) *Definition of appraisal.* An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

(b) *Standards of appraisal.* The format and level of documentation for an appraisal depend on the complexity of the appraisal problem. The Agency shall develop minimum standards for appraisals consistent with established and commonly accepted appraisal practice for those acquisitions which, by virtue of their low value or simplicity, do not require the in-depth analysis and presentation necessary in a detailed appraisal. A detailed appraisal shall be prepared for all other acquisitions. A detailed appraisal shall reflect nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition. An appraisal must contain sufficient documentation, including valuation data and the appraiser's analysis of that data, to support his or her opinion of value. At a minimum, the appraisal shall contain the following items:

(1) The purpose and/or the function of the appraisal, a definition of the estate being appraised, and a statement of the assumptions and limiting conditions affecting the appraisal.

(2) An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, and adequate description of the remaining property), a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.

(3) All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices. When sufficient market sales data are available to reliably support the fair market value for the specific appraisal problem encountered, the Agency, at its discretion, may require only the market approach. If more than one approach is utilized, there shall be an analysis and reconciliation of approaches to value that are sufficient to support the appraiser's opinion of value.

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(4) A description of comparable sales, including a description of all relevent physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.

(5) A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property.

(6) The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

(c) *Influence of the project on just compensation.* To the extent permitted by applicable law, the appraiser shall disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.

(d) *Owner retention of improvements.* If the owner of a real property improvement is permitted to retain it for removal from the project site, the amount to be offered for the interest in the real property to be acquired shall be not less than the difference between the amount determined to be just compensation for the owner's entire interest in the real property and the salvage value (defined at § 12.2(n)) of the retained improvement.

(e) *Qualifications of appraisers.* The Agency shall establish criteria for determining the minimum qualifications of appraisers. Appraiser qualifications shall be consistent with the level of difficulty of the appraisal assignment. The Agency shall review the experience, education training, and other qualifications of appraisers, including review appraisers, and utilize only those determined to be qualified.

(f) *Conflict of interest.* No appraiser or review appraiser shall have any interest, direct or indirect, in the real property being appraised for the Agency that would in any way conflict with the preparation or review of the appraisal. Compensation for making an appraisal shall not be based on the amount of the valuation. No appraiser shall act as a negotiator for real property which that person has appraised, except that the Agency may permit the same person to both appraise and negotiate an acquisition where the value of the acquisition is $2,500, or less.

§ 12.104 Review of appraisals.

The Agency shall have an appraisal review process and, at a minimum:

(a) A qualified reviewing appraiser shall examine all appraisals to assure that they met applicable appraisal requirements and shall, prior to acceptance, seek necessary corrections or revisions.

(b) If the reviewing appraiser is unable to approve or recommend approval of an appraisal as an adequate basis for the establishment of just compensation, and it is determined that it is not practical to obatin an additional appraisal, the reviewing appraiser may develop appraisal documentation in accordance with § 12.103 to support an approved or recommended value.

(c) The review appraiser's certification of the recommended or approved value of the property shall be set forth in a signed statement which identifies the appraisal reports reviewed and explains the basis for such recommendation or approval. Any damages or benefits to any remaining property shall also be identified in the statement.

§ 12.105 Acquisition of tenant-owned improvements.

(a) *Acquisition of Improvements.* When acquiring any interest in real property, the Agency shall offer to acquire at least an equal interest in all buildings, structures, or other improvements located upon the real property to be acquired, which it requires to be removed or which it determines will be adversely affected by the use to which such real property will be put. This shall include any improvement of a tenant-owner who has the right or obligation to remove the improvement at the expiration of the lease term.

(b) *Improvements considered to be real property.* Any building, structure, or other improvement, which would be considered to be real property if owned by the owner of the real property on which it is located, shall be considered to be real property for purposes of this subpart.

(c) *Appraisal and establishment of just compensation for tenant-owned improvements.* Just compensation for a tenant-owned improvement is the amount which the improvement contributes to the fair market value of the whole property or its salvage value, whichever is greater. (Salvage value is defined at § 12.2(n).)

(d) *Special conditions.* No payment shall be made to a tenant-owner for any real property improvement unless:

(1) The tenant-owner, in consideration for the payment, assigns, transfers, and releases to the Agency all of the tenant-owner's right, title, and interest in the improvement; and

(2) The owner of the real property on which the improvement is located disclaims all interest in the improvement; and

(3) The payment does not result in the duplication of any compensation otherwise authorized by law.

(e) *Alternative compensation.* Nothing in this subpart shall be construed to deprive the tenant-owner of any right to reject payment under this subpart and to obtain payment for such property interests in accordance with other applicable law.

§ 12.106 Expenses incidental to transfer of title to the Agency.

The owner of the real property shall be reimbursed for all reasonable expenses the owner necessarily incurred for:

(a) Recording fees, transfer taxes, documentary stamps, evidence of title, boundary surveys, legal descriptions of the real property, and similar expenses incidental to conveying the real property to the Agency. However, the Agency is not required to pay costs solely required to perfect the owner's title to the real property; and

(b) Penalty costs and other charges for prepayment of any preexisting recorded mortgage entered into in good faith encumbering the real property; and

(c) The pro rata portion of any prepaid real property taxes which are allocable to the period after the Agency obtains title to the property or effective possession of it, whichever is earlier.

Whenever feasible, the Agency shall pay these costs directly so that the owner not will have to pay such costs and then seek reimbursement from the Agency.

§ 12.107 Certain litigation expenses.

The owner of the real property shall be reimbursed for any reasonable expenses, including reasonable attorney, appraisal, and engineering fees, which the owner actually incurred because of a condemnation proceeding, if:

(a) The final judgment of the court is that the Agency cannot acquire the real property by condemnation; or

(b) The condemnation proceeding is abandoned by the Agency other than under an agreed-upon settlement; or

(c) The court having jurisdiction renders a judgment in favor of the owner in an inverse condemnation proceeding or the Agency effects a settlement of such proceeding.

§ 12.108 Donations.

Nothing in these regulations shall prevent a person, after being informed of the right to receive just compensation, based on an appraisal of the real property, from making a gift or donation of real property or any part thereof, or any interest therein, or of any compensation paid therefor, to the Agency. The Agency is responsible for assuring that an appraisal of the real property is obtained unless the owner releases the Agency from such obligation.

Subpart C—General Relocation Requirements

§ 12.201 Purpose.

This subpart prescribes general requirements governing the provision of relocation payments and other relocation assistance under the regulations in this part.

§ 12.202 Applicability.

These requirements apply to the relocation of any displaced person as defined at § 12.2(f).

§ 12.203 Relocation notices.

(a) *General information notice.* As soon as feasible, a person scheduled to be displaced shall be furnished with a general written description of the Agency's relocation program which does at least the following:

(1) Informs the person that he or she may be displaced for the project and generally describes the relocation payment(s) for which the person may be eligible, the basic conditions of eligibility, and the procedures for obtaining the payment(s).

(2) Informs the person that he or she will be given reasonable relocation advisory services, including referrals to replacement properties, help in filing payment claims, and other necessary assistance to help the person successfully relocate.

(3) Informs the person that he or she will not be required to move without at least 90 days' advance written notice (see paragraph (c) of this section), and informs any person to be displaced from a dwelling that he or she cannot be required to move permanently unless at least one comparable replacement dwelling has been made available.

(4) Describes the person's right to appeal the Agency's determination as to eligibility for, or the amount of, any relocation payment for which the person may be eligible.

(b) *Notice of relocation eligibility.* Eligibility for relocation assistance shall begin on the date of initiation of negotiations (defined in § 12.2(k)) for the occupied property. When this occurs, the Agency shall promptly notify all occupants in writing of their eligibility for applicable relocation assistance.

(c) *Ninety-day notice.* (1) *General.* No lawful occupant shall be required to move unless he or she has received at least 90 days advance written notice of the earliest date by which he or she may be required to move.

(2) *Timing of notice.* The displacing agency may issue the notice 90 days before it expects the person to be displaced or earlier.

(3) *Content of notice.* The 90-day notice shall either state a specific date as the earliest date by which the occupant may be required to move, or state that the occupant will receive a further notice indicating, at least 30 days in advance, the specific date by which he or she must move. If the 90-day notice is issued before a comparable replacement dwelling is made available, the notice must state clearly that the occupant will not have to move earlier than 90 days after such a dwelling is made available. (See § 12.204(a).)

(4) *Urgent need.* In unusual circumstances, an occupant may be required to vacate the property on less than 90 days advance written notice if the Agency determines that a 90-day notice is impracticable, such as when the person's continued occupancy of the property would constitute a substantial danger to health or safety. A copy of the Agency's determination shall be included in the applicable case file.

§ 12.204 Availability of comparable replacement dwelling before displacement.

(a) *General.* No person to be displaced shall be required to move from his or her dwelling unless at least one comparable replacement dwelling (defined at § 12.2(c)) has been made available to the person. Where possible, three or more comparable replacement dwellings shall be made available. A comparable replacement dwelling will be considered to have been made available to a person, if:

(1) The person is informed of its location; and

(2) The person has sufficient time to negotiate and enter into a purchase agreement or lease for the property; and

(3) Subject to reasonable safeguards, the person is assured of receiving the relocation assistance and acquisition payment to which the person is entitled in sufficient time to complete the purchase or lease of the property.

(b) *Circumstances permitting waiver.* The Federal agency funding the project may grant a waiver of the policy in paragraph (a) of this section in any case where it is demonstrated that a person must move because of:

(1) A major disaster as defined in section 102(c) of the Disaster Relief Act of 1974 (42 U.S.C. 5121); or

(2) A presidentially declared national emergency; or

(3) Another emergency which requires immediate vacation of the real property, such as when continued occupancy of the displacement dwelling constitutes a substantial danger to the health or safety of the occupants or the public.

(c) *Basic conditions of emergency move.* Whenever a person is required to relocate for a temporary period because of an emergency as described in paragraph (b) of this section, the Agency shall:

(1) Take whatever steps are necessary to assure that the person is temporarily relocated to a decent, safe, and sanitary dwelling; and

(2) Pay the actual reasonable out-of-pocket moving expenses and any reasonable increase in monthly housing costs incurred in connection with the temporary relocation; and

(3) Make available to the displaced person as soon as feasible, at least one comparable replacement dwelling. (For purposes for filing a claim and meeting the eligibility requirements for a relocation payment, the date of displacement is the date the person moves from the temporarily-occupied dwelling.)

§ 12.205 Relocation assistance advisory services.

(a) *General.* The Agency shall carry out a relocation assistance advisory program which satisfies the requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*), Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 *et seq.*), and Executive Order 11063 (27 FR 11527), and offers the services described in paragraph (b) of this section. If the Agency determines that a person occupying property adjacent to the real property acquired for the project has caused substantial economic injury because of such acquisition, it may offer the services to such person.

(b) *Services to be provided.* The advisory program shall include such measures, facilities, and services as may be necessary or appropriate in order to:

(1) Determine the relocation needs and perferences of each person to be displaced and explain the relocation payments and other assistance for which the person may be eligible, the related eligibility requirements, and the procedures for obtaining such assistance. This shall include a personal interview with each person.

(2) Provide current and continuing information on the availability, purchase prices, and rental costs of comparable replacement dwellings, and explain that the person cannot be required to move unless at least one comparable replacement dwelling is made available as set forth in § 12.204(a).

(i) As soon as feasible, the Agency shall inform the person in writing of the specific comparable replacement dwelling and the price or rent used for establishing the upper limit of the replacement housing payment (see § 12.403 (a) and (b)) and the basis for the determination, so that the person is aware of the maximum replacement housing payment for which he or she may qualify.

(ii) Where feasible, housing shall be inspected prior to being made available to assure that it meets applicable standards. (See § 12.2 (c) and (e).) If such an inspection is not made, the person to be displaced shall be notified that a replacement housing payment may not be made unless the replacement dwelling is subsequently inspected and determined to be decent, safe, and sanitary.

(iii) Whenever possible, minority persons shall be given reasonable opportunities to relocate to decent, safe, and sanitary replacement dwellings, not located in an area of minority concentration, that are within their financial means. This policy, however, does not require an Agency to provide a person a larger payment than is necessary to enable a person to relocated to a comparable replacement dwelling.

(iv) All persons, especially the elderly and handicapped, shall be offered transportation to inspect housing to which they are referred.

(3) Provide current and continuing information on the availability, purchase prices, and rental costs of comparable and suitable commercial and farm properties and locations. Assist any person displaced from a business or farm operation to obtain and become established in a suitable replacement location.

(4) Minimize hardships to persons in adjusting to relocation by providing counseling, advice as to other sources of assistance that may be available, and such other help as may be appropriate.

(5) Supply persons to be displaced with appropriate information concerning Federal and State housing programs, disaster loans and other programs administered by the Small Business Administration, and other Federal and State programs offering assistance to persons to be displaced.

(c) *Coordination of relocation activities.* Relocation activities shall be coordinated with project work and other displacement-causing activities to ensure that, to the extent feasible, persons displaced receive consistent treatment and the duplication of functions is minimized.

§ 12.206 Eviction for cause.

Eviction for cause must conform to applicable State and local law. Any person who has lawfully occupied the real property, but who is later evicted for cause on or after the date of the initiation of negotiations, retains the right to the relocation payments and other assistance set forth in these regulations. For purposes of determining eligibility for relocation payments, the date of displacement is the date the person moves or the date a comparable replacement dwelling is made available, whichever is later.

§ 12.207 General requirements—claims for relocation payments.

(a) *Documentation.* Any claim for a relocation payment shall be supported by such documentation as may be reasonably required to support expenses incurred, such as bills, certified prices, appraisals, or other evidence of such expenses. A displaced person must be provided reasonable assistance necessary to complete and file any required claim for payment.

(b) *Expeditious payments.* The Agency shall review claims in an expeditious manner. The claimant shall be promptly notified as to any additional documentation that is required to support the claim. Payment for a claim shall be made as soon as feasible following receipt of sufficient documentation to support the claim.

(c) *Advance payments.* If a person demonstrates the need for an advance relocation payment in order to avoid or reduce a hardship, the Agency shall issue the payment, subject to such safeguards as are appropriate to ensure that the objective of the payment is accomplished.

(d) *Time for filing.* All claims for a relocation payment shall be filed with the Agency within 18 months after:

(1) For tenants, the date of displacement;

(2) For owners, the date of displacement or the date of the final payment for the acquisition of the real property, whichever is later.

This time period shall be waived by the Agency for good cause.

(e) *Multiple occupants of one diplsacement dwelling.* If two or more occupants of the displacement dwelling move to separate replacement dwellings, each occupant is entitled to a reasonable prorated share, as determined by the Agency, of any relocation payments that would have been made if the occupants moved together to a comparable replacement dwelling. However, if the Agency determines that two or more occupants maintained separate households within the same dwelling, such occupants have separate entitlements to relocation payments.

(f) *Deductions from relocation payments.* An Agency shall deduct the amount of any advance relocation payment from the relocation payment(s) to which a displaced person is otherwise entitled. Similarly, a Federal agency shall, and a State agency may, deduct from relocation payments any rent that the displaced person owes the Agency; provided that no deduction shall be made if it would prevent the displaced person from obtaining a comparable replacement dwelling as required by § 12.204 of these regulations. The Agency shall not withhold any part of a relocation payment to a displaced person to satisfy an obligation to any other creditor.

(g) *Notice of denial of claim.* If the Agency disapproves all or part of a payment claimed or refuses to consider the claim on its merits because of untimely filing or other grounds, it shall promptly notify the claimant in writing of its determination, the basis for its determination, and the procedures for appealing that determination.

§ 12.208 Relocation payments not considered as income.

No relocation payment received by a displaced person under these regulations shall be considered as income for the purpose of the Internal Revenue Code of 1954, or for the purpose of determining the eligibility or the extent of eligibility of any person for assistance under the Social Security Act or any other Federal law.

Subpart D—Payment for Moving and Related Expenses

§ 12.301 Payment for actual reasonable moving and related expenses—residential moves.

Any displaced owner-occupant or tenant of a dwelling who qualifies as a displaced person (defined at § 12.2(f)) is entitled to payment of his or her actual moving and related expenses, as the Agency determines to be reasonable and necessary, including expenses for:

(a) Transportation of the displaced person and personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless the Agency determines that relocation beyond 50 miles is justified.

(b) Packing, crating, unpacking, and uncrating of the personal property.

(c) Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances, and other personal property.

(d) Storage of the personal property for a period not to exceed 12 months, unless the Agency determines that a longer period is necessary.

(e) Insurance for the replacement value of the property in connection with the move and necessary storage.

(f) The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft, or damage is not reasonably available.

(g) Other moving-related expenses that are not listed as ineligible under § 12.305, as the Agency determines to be reasonable and necessary.

§ 12.302 Fixed payment for moving expenses—residential moves.

Any person displaced from a dwelling, or a seasonal residence, is entitled to receive a fixed payment in lieu of a payment for actual moving and related expenses under § 12.301, that consists of:

(a) A moving expense allowance not to exceed $300 which shall be determined in accordance with the applicable moving allowance schedule approved by the Federal Highway Administration; and

(b) A dislocation allowance of $200.

§ 12.303 Payment for actual reasonable moving and related expenses—nonresidential moves.

(a) *Eligible costs.* Any business or farm operation which qualifies as a displaced person (defined at § 12.2(f)) is entitled to payment for such actual moving and related expenses, as the Agency determines to be reasonable and necessary, including expenses for:

(1) Transportation of personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless the Agency determines that relocation beyond 50 miles is justified.

(2) Packing, crating, unpacking, and uncrating of the personal property.

(3) Disconnecting, dismantling, removing, reassembling, and reinstalling relocated machinery, equipment, and other personal property, including substitute personal property described at § 12.303(a)(12). This includes connection to utilities available nearby. It also includes modifications to the per-

sonal property necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property. (Expenses for providing utilities from the right-of-way to the building or improvement are excluded.)

(4) Storage of the personal property for a period not to exceed 12 months, unless the Agency determines that a longer period is necessary.

(5) Insurance for the replacement value of the personal property in connection with the move and necessary storage.

(6) Any license, permit, or certification required of the displaced person at the replacement location. However, the payment may be based on the remaining useful life of the existing license, permit, or certification.

(7) The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft, or damage is not reasonably available.

(8) Professional services necessary for—

(i) Planning the move of the personal property;

(ii) Moving the personal property; and

(iii) Installing the relocated personal property at the replacement location.

(9) Relettering signs and replacing stationery on hand at the time of displacement that are made obsolete as a result of the move.

(10) Actual direct loss of tangible personal property incurred as a result of moving or discontinuing the business or farm operation. The payment shall consist of the lesser of:

(i) The fair market value of the item for continued use at the displacement site, less the proceeds from its sale. (To be eligible for payment, the claimant must make a good faith effort to sell the personal property, unless the Agency determines that such effort is not necessary. When payment for property loss is claimed for goods held for sale, the fair market value shall be based on the cost of goods to the business, not the potential selling price.); or

(ii) The estimated cost of moving the item, but with no allowance for storage. (If the business or farm operation is discontinued, the estimated cost shall be based on a moving distance of 50 miles.)

(11) The reasonable cost incurred in attempting to sell an item that is not to be relocated.

(12) Purchase of substitute personal property. If an item of personal property which is used as part of a business or farm operation is not moved but is promptly replaced with a substitute item that performs a comparable function at the replacement site, the displaced person is entitled to payment of the lesser of:

(i) The cost of the substitute item, including installation costs at the replacement site, minus any proceeds from the sale or trade-in of the replaced item; or

(ii) The estimated cost of moving and reinstalling the replaced item but with no allowance for storage. At the Agency's discretion, the estimated cost for a low cost or uncomplicated move may be based on a single bid or estimate.

(13) Searching for a replacement location. A displaced business or farm operation is entitled to reimbursement for actual expenses, not to exceed $1,000, as the Agency determines to be reasonable, which are incurred in searching for a replacement location, including:

(i) Transportation.

(ii) Meals and lodging away from home.

(iii) Time spent searching, based on reasonable salary or earnings.

(iv) Fees paid to a real estate agent or broker to locate a replacement site, exclusive of any fees or commissions related to the purchase of such site.

(14) Other moving-related expenses that are not listed as ineligible under § 12.305, as the Agency determines to be reasonable and necessary.

(b) *Notification and inspection.* The following requirements apply to payments under this section:

(1) The Agency shall inform the displaced person, in writing, of the requirements of paragraphs (b) (2) and

(3) of this section as soon as possible after the initiation of negotiations. This information may be included in the relocation information provided to the displaced person as set forth in § 12.203.

(2) The displaced person must provide the Agency reasonable advance written notice of the approximate date of the start of the move or disposition of the personal property and a list of the items to be moved. However, the Agency may waive this notice requirement after documenting its file accordingly.

(3) The displaced person must permit the Agency to make reasonable and timely inspections of the personal property at both the displacement and replacement sites and to monitor the move.

(c) *Self-moves.* If the displaced person elects to take full responsibility for the move of the business or farm operation, the Agency may make a payment for the person's moving expenses in an amount not to exceed the lower of two acceptable bids or estimates obtained by the Agency or prepared by qualified staff. At the Agency's discretion, a payment for a low cost or uncomplicated move may be based on a single bid or estimate.

(d) *Transfer of ownership.* Upon request and in accordance with applicable law, the claimant shall transfer to the Agency ownership of any personal property that has not been moved, sold, or traded in.

(e) *Advertising signs.* The amount of a payment for direct loss of an advertising sign which is personal property shall be the lesser of:

(1) The depreciated reproduction cost of the sign, as determined by the Agency, less the proceeds from its sale; or

(2) The estimated cost of moving the sign, but with no allowance for storage.

§ 12.304 Fixed payment for moving expenses—nonresidential moves.

(a) *Business.* A displaced business (except an outdoor advertising display business or a nonprofit organization) may be eligible to choose a fixed payment in lieu of a payment for actual moving and related expenses. The payment shall equal the average annual net earnings of the business, as computed in accordance with paragraph (e) of this section, but not less than $2,500 nor more than $10,000. The displaced business is eligible for the payment if the Agency determined that:

(1) The business cannot be relocated without a substantial loss of its existing patronage (clientele or net earnings). A business is assumed to meet this test unless the Agency demonstrates that it will not suffer a substantial loss of its existing patronage; and

(2) The business is not part of a commercial enterprise having another establishment, which is not being acquired by the Agency, and which is under the same ownership and engaged in the same or similar business activities. (For purposes of this rule a remaining business facility that did not contribute materially to the income of the displaced person during the 2 taxable years prior to displacement shall not be considered "another establishment."); and

(3) The business contributed materially to the income of the displaced person during the 2 taxable years prior to displacement (see § 12.2(d)).

(b) *Determining the number of businesses.* In determining whether two or more displaced legal entities constitute a single business which is entitled to only one fixed payment, all pertinent factors shall be considered, including the extent to which:

(1) The same premises and equipment are shared;

(2) Substantially identical or interrelated business functions are carried out and business and financial affairs are commingled;

(3) The entities are held out to the public, and to those customarily dealing with them, as one business; and

(4) The same person or closely related persons own, control, or manage the affairs of the entities.

(c) *Farm operation.* A displaced farm operation (defined at § 12.2(h) may choose a fixed payment in lieu of a payment for actual moving and related expenses in an amount equal to its average annual net earnings as computed in accordance with paragraph (e) of this section, but not less than

$2,500 nor more than $10,000. In the case of a partial acquisition of land which was a farm operation before the acquisition, the fixed payment shall be made only if the Agency determines that:

(1) The acquisition of part of the land caused the operator to be displaced from the farm operation on the remaining land; or

(2) The partial acquisition caused a substantial change in the nature of the farm operation.

(d) *Nonprofit organization.* A displaced nonprofit organization may choose a fixed payment in lieu of a payment for actual moving and related expenses of $2,500, if the Agency determines that it:

(1) Cannot be relocated without a substantial loss of existing patronage (membership or clientele). A nonprofit organization is assumed to meet this test, unless the Agency demonstrates otherwise; and

(2) Is not part of an enterprise having at least one other establishment engaged in the same or similar activity which is not being acquired by the Agency.

(e) *Average annual net earnings of a business or farm operation.* The average annual net earnings of a business or farm operation are one-half of its net earnings before Federal, State, and local income taxes during the 2 taxable years immediately prior to the taxable year in which it was displaced. If the business or farm was not in operation for the full 2 taxable years prior to displacement, net earnings shall be based on the actual period of operation at the displacement site during the 2 taxable years prior to displacement, projected to an annual rate. Average annual net earnings may be based upon a different period of time when the Agency determines it to be more equitable. Net earnings include any compensation obtained from the business or farm operation by its owner, the owner's spouse, and dependents. The displaced person shall furnish the Agency proof of net earnings through income tax returns, certified financial statements, or other reasonable evidence which the Agency determines is satisfactory.

§ 12.305 Ineligible moving and related expenses.

A displaced person is not entitled to payment for:

(a) The cost of moving any structure or other real property improvement in which the displaced person reserved ownership. However, this rule does not preclude the computation under § 12.401(c)(4)(iii); or

(b) Interest on a loan to cover moving expenses; or

(c) Loss of goodwill; or

(d) Loss of profits; or

(e) Loss of trained employees; or

(f) Any additional operating expenses of a business or farm operation incurred because of operating in a new location; or

(g) Personal injury; or

(h) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the Agency; or

(i) Expenses for searching for a replacement dwelling; or

(j) Physical changes to the real property at the replacement location of a business or farm operation except as provided in § 12.303(a)(3); or

(k) Costs for storage of personal property on real property already owned or leased by the displaced person.

Subpart E—Replacement Housing Payments

§ 12.401 Replacement housing payment for 180-day homeowner-occupants.

(a) *Eligibility.* A displaced person is eligible for the replacement housing payment for a 180-day homeowner-occupant if the person:

(1) Has actually owned and occupied the displacement dwelling for not less than 180 days immediately prior to the initiation of negotiations; and

(2) Purchases and occupies a decent, safe, and sanitary replacement dwelling within 1 year after the later of:

(i) The date the person receives final payment for the displacement dwelling or, in the case of condemnation, the date the required amount is deposited in the court, or

(ii) The date the person moves from the displacement dwelling.

(b) *Amount of payment.* The replacement housing payment for an eligible 180-day homeowner-occupant may not exceed $15,000. (See also § 12.403(b).) The payment shall be the sum of:

(1) The amount by which the cost of a replacement dwelling exceeds the acquisition cost of the displacement dwelling, as determined in accordance with paragraph (c) of this section; and

(2) The increased interest costs and other debt service costs to be incurred in connection with the mortgage(s) on the replacement dwelling, as determined in accordance with paragraph (d) of this section; and

(3) The reasonable expenses incidental to the purchase of the replacement dwelling, as determined in accordance with paragraph (e) of this section.

(c) *Price differential.* (1) *Determination of price differential.* The price differential to be paid under paragraph (b)(1) of this section is the amount which must be added to the acquisition cost of the displacement dwelling to provide a total amount equal to the lesser of:

(i) The reasonable cost of a comparable replacement dwelling as determined in accordance with § 12.403(a); or

(ii) The purchase price of the decent, safe, and sanitary replacement dwelling actually purchased and occupied by the displaced person.

(2) *Mixed-use and multifamily properties.* If the displacement dwelling was part of a property that contained another dwelling unit and/or space used for non-residential purposes, and/or is located on a lot larger than typical for residential purposes, only that portion of the acquisition payment which is actually attributable to the displacement dwelling shall be considered its acquisition cost when computing the price differential.

(3) *Insurance proceeds.* To the extent necessary to avoid duplicate compensation, the amount of any insurance proceeds received by a person in connection with a loss to the displacement dwelling due to a catastrophic occurrence (fire, flood, etc.) shall be included in the acquisition cost of the displacement dwelling when computing the price differential. (Also see § 12.3.)

(4) *Owner retention of displacement dwelling.* If the owner retains ownership of his or her dwelling, moves it from the displacement site, and reoccupies it on a replacement site, the purchase price of the replacement dwelling, shall be the sum of:

(i) The cost of moving and restoring the dwelling to a condition comparable to that prior to the move; and

(ii) The cost of making the unit a decent, safe, and sanitary replacement dwelling (defined at § 12.2(e)); and

(iii) The current fair market value for residential use of the replacement site (see Appendix A, § 12.401(c)(4)(iii)), unless the claimant rented the displacement site and there is a reasonable opportunity for the claimant to rent a suitable replacement site; and

(iv) The retention value of the dwelling, if such retention value is reflected in the "acquisition cost" used when computing the replacement housing payment.

(d) *Increased mortgage interest costs.* The amount to be paid under § 12.401(b)(2) is the sum of the present value of the following two items: The increase in interest costs that result when the mortgage interest rate on the replacement dwelling exceeds the mortgage interest rate on the displacement dwelling, and other debt service costs. The following rules apply to the computation:

(1) The payment shall be based only on bona fide mortgages that were a valid lien on the displacement dwelling for at least 180 days prior to the initiation of negotiations. All such mortgages on the displacement dwelling shall be used to compute the payment.

(2) The payment shall be based on the unpaid mortgage balance on the displacement dwelling or the new mortgage amount, whichever is less.

(3) The payment shall be based on the remaining term of the mortgage on the displacement dwelling or the actual term of the new mortgage, whichever is shorter.

(4) The interest charge on the new mortgage shall not exceed the prevailing interest rate currently charged by mortgage lending institutions in the area in which the replacement dwelling is located.

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(5) The present value of the increased interest costs shall be computed at the prevailing interest rate paid on savings deposits by commercial banks in the area in which the replacement dwelling is located.

(6) Purchaser's points and loan origination or assumption fees, but not seller's points, shall be paid to the extent—

(i) They are not paid as incidental expenses;

(ii) They do not exceed rates normal to similar real estate transactions in the area; and

(iii) The Agency determines them to be necessary.

The computation of such points and fees shall be based on the unpaid mortgage balance on the displacement dwelling or the new mortgage amount, whichever is less.

(e) *Incidental expenses.* The incidental expenses to be paid under paragraph (b)(3) of this section or § 12.402(c)(1) are those necessary and reasonable costs actually incurred by the displaced person incident to the purchase of a replacement dwelling, and customarily paid by the buyer, including:

(1) Legal, closing, and related costs, including those for title search, preparing conveyance instruments, notary fees, preparing surveys and plats, and recording fees.

(2) Lender, FHA, or VA application and appraisal fees.

(3) Loan origination or assumption fees that do not represent prepaid interest.

(4) Certification of structural soundness and termite inspection when required.

(5) Credit report.

(6) Owner's and mortgagee's evidence of title, e.g., title insurance, not to exceed the costs for a comparable replacement dwelling.

(7) Escrow agent's fee.

(8) State revenue or documentary stamps, sales or transfer taxes (not to exceed the costs for a comparable replacement dwelling).

(9) Such other costs as the Agency determines to be incidental to the purchase.

(f) *Rental assistance payment for 180-day homeowner.* A 180-day homeowner-occupant, who is eligible for a replacement housing payment under § 12.401(a) but elects to rent a replacement dwelling, is eligible for a rental assistance payment not to exceed $4,000, computed and disbursed in accordance with § 12.402(b).

§ 12.402 Replacement housing payment for 90-day occupants.

(a) *Eligibility.* A tenant or owner-occupant displaced from a dwelling is entitled to a payment not to exceed $4,000 for rental assistance, as computed in accordance with paragraph (b) of this section, or downpayment assistance, as computed in accordance with paragraph (c) of this section, if such displaced person:

(1) Has actually and lawfully occupied the displacement dwelling for at least 90 days immediately prior to the initiation of negotiations; and

(2) Has rented, or purchased, and occupied a decent, safe, and sanitary replacement dwelling within 1 year (unless the Agency extends this period for good cause) after:

(i) For a tenant, the date he or she moves from the displacement dwelling, or

(ii) For an owner-occupant, the later of:

(A) The date he or she receives final payment for the displacement dwelling, or in the case of condemnation, the date the required amount is deposited with the court; or

(B) The date he or she moves from the displacement dwelling.

(b) *Rental assistance payment.* (1) *Amount of payment.* An eligible displaced person who rents a replacement dwelling is entitled to a payment not to exceed $4,000 for rental assistance. (See also § 12.403(b).) Such payment shall be 48 times the amount obtained by subtracting the average monthly rent of the displacement dwelling for a reasonable period prior to displacement, as determined by the Agency (for an owner-occupant or tenant who pays little or no rent, the average cost for rent shall be the fair market rent; see Appendix A, Subpart E), from the lesser of:

(i) The monthly rent for a comparable replacement dwelling; or

(ii) The monthly rent for the decent, safe, and sanitary replacement dwelling actually occupied by the displaced person.

(2) *Utility services.* Any utility service which is included in the monthly rent for either the displacement dwelling or the comparable replacement dwelling must be included when computing the rental assistance payment. Appropriate adjustments to reflect the cost of utility services shall be made, if necessary to ensure that like circumstances are compared.

(3) *Manner of disbursement.* The payment under this section shall be disbursed in a lump sum, unless the Agency determines on a case-by-case basis, for good cause, that the payment should be made in installments.

(c) *Downpayment assistance payment.* (1) *Amount of payment.* An eligible displaced person who purchases a replacement dwelling is entitled to a payment for downpayment assistance not to exceed $4,000. Such payment shall be the full amount of the first $2,000 of the required downpayment and incidental expenses (see § 12.401(e)) plus one-half of any amount required over $2,000, provided that the displaced person matches equally the amount in excess of $2,000. A displaced person eligible to receive a replacement housing payment for a 180-day homeowner-occupant under § 12.401 is not eligible for this payment.

(2) *Required downpayment.* For purposes of this section, the term "required downpayment" means the downpayment ordinarily required to obtain conventional loan financing for the decent, safe, and sanitary dwelling actually purchased and occupied. However, if the downpayment actually required of a displaced person for the purchase of the replacement dwelling exceeds the amount ordinarily required, the amount of the "required downpayment" shall be the amount which the Agency determines is necessary for the downpayment.

(3) *Application of payment.* The full amount of the replacement housing payment for downpayment assistance must be applied to the purchase price of the replacement dwelling and related incidental expenses.

§ 12.403 Additional rules governing replacement housing payments.

(a) *Determining cost of comparable replacement dwelling.* The upper limit of a replacement housing payment shall be based on the cost of a comparable replacement dwelling (defined at § 11.2(c)).

(1) If available, at least three comparable replacement dwellings shall be examined and the payment computed on the basis of the dwelling most nearly representative of, and equal to, or better than, the displacement dwelling. An adjustment shall be made to the asking price of any dwelling, to the extent justified by local market data (see also § 11.205(b)(2)(i)). An obviously overpriced dwelling may be ignored.

(2) If the site of the comparable replacement dwelling lacks a major exterior attribute of the displacement dwelling site, (e.g., the site is significantly smaller or does not contain a swimming pool), the value of such attribute shall be subtracted from the acquisition cost of the displacement dwelling for purposes of computing the payment. If the acquisition of a portion of a typical residential property causes the displacement of the owner from the dwelling and the remainder is a buildable residential lot, the Agency may offer to purchase the entire property. If the owner refuses to sell the remainder to the Agency, the fair market value of the remainder may be added to the acquisition cost of the displacement dwelling for purposes of computing the replacement housing payment.

(3) To the extent feasible, comparable replacement dwellings shall be selected from the neighborhood in which the displacement dwelling was located or, if that is not possible, in nearby or similar neighborhoods where housing costs are generally the same or higher.

(b) *Applicability of last resort housing.* Whenever a $15,000 replacement housing payment under § 12.401 or a $4,000 replacement housing payment under § 12.402 would be insufficient to ensure that a comparable replacement dwelling is available on a timely basis to a person, the Agency shall provide additional or alternative assistance under the last resort housing provisions at Subpart G, which may include increasing the replacement housing payment so that a replacement dwelling is within the displaced person's financial means as described in § 12.2(c)(6)).

(c) *Inspection of replacement dwelling.* Before making a replacement housing payment or releasing a payment from escrow, the Agency or its designated representative shall inspect the replacement dwelling and determine whether it is a decent, safe, and sanitary dwelling as defined at § 12.2(e).

(d) *Purchase of replacement dwelling.* A displaced person is considered to have met the requirement to purchase a replacement dwelling, if the person:

(1) Purchases a dwelling; or

(2) Purchases and rehabilitates a substandard dwelling; or

(3) Relocates a dwelling which he or she owns or purchases; or

(4) Constructs a dwelling on a site he or she owns or purchases; or

(5) Contracts for the purchase or construction of a dwelling on a site provided by a builder or on a site the person owns or purchases.

(e) *Occupancy requirements for displacement or replacement dwelling.* No person shall be denied eligibility for a replacement housing payment solely because the person is unable to meet the occupancy requirements set forth in these regulations for a reason beyond his or her control, including:

(1) A disaster, an emergency, or an imminent threat to the public health or welfare, as determined by the President, the Federal agency funding the project, or the Agency; or

(2) Another reason, such as a delay in the construction of the replacement dwelling, military reserve duty, or hospital stay, as determined by the Agency.

(f) *Conversion of payment.* A displaced person who initially rents a replacement dwelling and receives a rental assistance payment under § 12.402(b) is eligible to receive a payment under § 12.401 or § 12.402(c) if he or she meets the eligibility criteria for such payments, including purchase and occupancy within the prescribed 1-year period. Any portion of the rental assistance payment that has been disbursed shall be deducted from the payment computed under § 12.401 or § 12.402(c).

(g) *Payment after death.* A replacement housing payment is personal to the displaced person and upon his or her death the undisbursed portion of any such payment shall not be paid to the heirs or assigns, except that:

(1) The amount attributable to the displaced persons period of actual occupancy of the replacement housing shall be paid.

(2) The full payment shall be disbursed in any case in which a member of a displaced family dies and the other family member(s) continue to occupy a decent, safe, and sanitary replacement dwelling.

(3) Any portion of a replacement housing payment necessary to satisfy the legal obligation of an estate in connection with the selection of a replacement dwelling by or on behalf of a deceased person shall be disbursed to the estate.

Subpart F—Mobile Homes

§ 12.501 Applicability.

This subpart describes the requirements governing the provision of relocation payments to a person displaced from a mobile home and/or mobile homesite who meets the basic eligibility requirements of these regulations. Except as modified by this subpart, such a displaced person is entitled to a moving expense payment in accordance with Subpart D and a replacement housing payment in accordance with Subpart E to the same extent and subject to the same requirements as persons displaced from conventional dwellings.

§ 12.502 Moving and related expenses—mobile homes.

A tenant or owner-occupant displaced from a mobile home or mobile homesite is entitled to a payment for the cost of moving his or her personal property on an actual cost basis in accordance with § 12.301 or, as an alternative, on the basis of a fixed payment under § 12.302. (However, if the mobile home is not acquired but the owner obtains a replacement housing payment under one of the circumstances described at § 12.503(c), the owner is not eligible for payment for moving the mobile home.) The following rules apply to payments for actual moving expenses under § 12.301:

(a) A displaced mobile homeowner, who moves the mobile home to a replacement site, is eligible for the reasonable cost of disassembling, moving, and reassembling any attached appurtenances (such as porches, decks, skirting and awnings) which were not acquired, anchoring of the unit, and utility "hook-up" charges.

(b) If a mobile home requires repairs and/or modifications so that it can be moved and/or made decent, safe and sanitary, and the Agency determines that it would be practical to relocate it, the reasonable cost of such repairs and/or modifications is reimbursable.

(c) A nonreturnable mobile home park entrance fee is reimbursable to the extent it does not exceed the fee at a comparable mobile home park, if the person is displaced from a mobile home park or the Agency determines that payment of the fee is necessary to effect relocation.

§ 12.503 Replacement housing payment for 180-day mobile homeowner-occupants.

A displaced owner-occupant of a mobile home is entitled to a replacement housing payment, not to exceed $15,000, under § 12.401 if:

(a) The person both owned the displacement mobile home and occupied it on the displacement site for at least 180 days immediately prior to the initiation of negotiations;

(b) The person meets the other basic eligibility requirements at § 12.401(a); and

(c) The Agency acquires the mobile home and/or mobile homesite, or the mobile home is not acquired by the Agency but the owner is displaced from the mobile home because the Agency determines that the mobile home:

(1) Is not and cannot economically be made decent, safe, and sanitary; or

(2) Cannot be relocated without substantial damage or unreasonable cost; or

(3) Cannot be relocated because there is no available comparable replacement site; or

(4) Cannot be relocated because it does not meet mobile home park entrance requirements.

If the mobile home is not actually acquired, but the Agency determines that it is not practical to relocate it, the acquisition cost of the displacement dwelling used when computing the price differential amount, described at § 12.401(c), shall include the salvage value or trade-in value of the mobile home, whichever is higher.

§ 12.504 Replacement housing payments for 90-day mobile home occupants.

A displaced tenant or owner-occupant of a mobile home is eligible for a replacement housing payment, not to exceed $4,000, under § 12.402 if:

(a) The person actually occupied the displacement mobile home on the displacement site for at least 90 days immediately prior to the initiation of negotiations;

(b) The person meets the other basic eligibility requirements at § 12.402(a); and

(c) The Agency acquires the mobile home and/or mobile homesite, or the mobile home is not acquired by the Agency but the owner or tenant is displaced from the mobile home because of one of the circumstances described at § 12.503(c).

§ 12.505 Additional rules governing relocation payment to mobile home occupants.

(a) *Replacement housing payment based on dwelling and site.* Both the mobile home and mobile homesite must be considered when computing a replacement housing payment. For example, a displaced mobile home occupant may have owned the displacement mobile home and rented the site or may have rented the displacement mobile home and owned the site. Also, a person may elect to purchase a replacement mobile home and rent a replacement site, or rent a replacement mobile home and purchase a replacement site. In such cases, the total replacement housing payment shall consist of a payment for a dwelling and a payment for a site, each computed under the applicable section in Subpart E. However, the total replacement housing payment under Subpart E shall not exceed the maximum payment (either $15,000 or $4,000) permitted under the section that governs the computation for the dwelling. (See also § 12.403(b).)

(b) *Cost of comparable replacement dwelling.* (1) If a comparable replacement mobile home is not available, the replacement housing payment shall be computed on the basis of the reasonable cost of a conventional comparable replacement dwelling.

(2) If the Agency determines that it would be practical to relocate the mobile home, but the owner-occupant elects not to do so, the Agency may determine that, for purposes of computing the price differential under § 12.401(c), the cost of a comparable replacement dwelling is the sum of—

(i) The value of the mobile home;

(ii) The cost of any necessary repairs or modifications; and

(iii) The estimated cost of moving the mobile home to a replacement site.

(c) *Initiation of negotiations.* If the mobile home is not actually acquired, but the occupant is considered displaced under these regulations, the "initiation of negotiations" is the initiation of negotiations to acquire the land, or, if the land is not acquired, the written notification that he or she is a displaced person under these regulations.

(d) *Person moves mobile home.* If the owner is reimbursed for the cost of moving the mobile home under these regulations, he or she is not eligible to receive a replacement housing payment to assist in purchasing or renting a replacement mobile home. The person may, however, be eligible for assistance in purchasing or renting a replacement site.

(e) *Partial acquisition of mobile home park.* The acquisition of a portion of a mobile home park property may leave a remaining part of the property that is not adequate to continue the operation of the park. If the Agency determines that a mobile home located in the remaining part of the property must be moved as a direct result of the project, the owner and any tenant shall be considered a displaced person who is entitled to relocation payments and other assistance under these regulations.

Subpart G—Last Resort Housing

§ 12.601 Applicability.

(a) *Basic determination to provide last resort housing.* A person cannot be required to move from his or her dwelling unless at least one comparable replacement dwelling is made available to the person. Whenever an Agency determines that a replacement housing payment under Subpart E would not be sufficient to provide a comparable replacement dwelling on a timely basis to the person, the Agency is authorized to take appropriate measures under this subpart to provide such a dwelling. The Agency's obligation to ensure that a comparable replacement dwelling is available shall be met when such a dwelling, or assistance necessary to provide such a dwelling, is offered under the provisions of this subpart.

(b) *Basic rights of persons to be displaced.* The provisions of this subpart do not deprive any displaced person of any rights the person may have under the Uniform Act or any implementing regulations. The Agency shall not require any displaced person to accept a dwelling provided by the Agency under the procedures in this subpart (unless the Agency and the displaced person have entered into a contract to do so) in lieu of any acquisition payment or any relocation payment for which the person may otherwise be eligible. A 180-day homeowner-occupant who is eligible for a payment under § 12.401 is entitled to a reasonable opportunity to purchase a comparable replacement dwelling. (See Appendix A, § 12.601(b).)

§ 12.602 Methods of providing replacement housing.

Agencies shall have broad latitude in implementing this subpart, but implementation shall be on a reasonable cost basis. The methods of providing last resort housing include, but are not limited to:

(a) Rehabilitation of and/or additions to an existing replacement dwelling.

(b) The construction of a new replacement dwelling.

(c) The provision of a direct loan, which requires regular amortization or deferred repayment. The loan may be unsecured or secured by the real property. The loan may bear interest or be interest-free.

(d) A replacement housing payment in excess of the limits set forth in § 12.401 or § 12.402. A rental assistance subsidy under this subpart may be provided in installments or in a lump sum.

(e) The relocation and, if necessary, rehabilitation of a dwelling.

(f) The purchase of land and/or a replacement dwelling by the displacing agency and subsequent sale or lease to, or exchange with, a displaced person.

(g) The removal of barriers to the handicapped.

APPENDIX A—ADDITIONAL INFORMATION

This appendix provides additional information to explain the intent of certain provisions of the rule.

SUBPART A—GENERAL

Section 12.2(c) Definition of comparable replacement dwelling.

The requirement in § 12.2(c)(2) that a comparable replacement dwelling be "functionally similar" to the displacement dwelling means that it must perform the same function, provide the same utility, and be capable of contributing to a comparable style of living as the displacement dwelling. While it need not possess every feature of the displacement dwelling, the principal features must be present.

Generally, functional similarity is an objective standard, reflecting the range of purposes for which the various features of a dwelling may physically be used. However, in determining whether a replacement dwelling is functionally similar to the displacement dwelling, the Agency may consider reasonable trade-offs in specific features when the replacement unit is "equal or better than" the displacement dwelling.

For example, if the displacement dwelling contains a pantry and a similar dwelling is not available, a replacement dwelling with ample kitchen cupboards may be acceptable. Insulated and heated space in a garage might prove an adequate substitute for basement workshop space. A dining area may substitute for a separate dining room. Under some circumstances, attic space could substitute for basement space for storage purposes, and vice versa.

Only in unusual circumstances may a comparable replacement dwelling contain fewer rooms or consequentially less living space than the displacement dwelling. Such may be the case when a decent, safe, and sanitary replacement dwelling (which by definition is "adequate to accommodate" the displaced person) may be found to be "functionally similar" to a larger but very run-down substandard displacement dwelling.

Section 12.2(c)(5) requires that a comparable replacement dwelling for a person who is not receiving assistance under any government housing program before displacement must be currently available on the private market without any subsidy under a government housing program.

A public housing unit may qualify as a comparable replacement dwelling only for a person displaced from a public housing unit; a privately-owned dwelling with a housing program subsidy tied to the unit may qualify as a comparable replacement dwelling only for a person displaced from a similarly subsidized unit or public housing; a housing program subsidy to a person (not tied to the building), such as a HUD Section 8 Existing Housing Program Certificate or a Housing Voucher, may be reflected in an offer of a comparable replacement dwelling to a person receiving a similar subsidy or occupying a privately-owned subsidized unit or public housing unit before displacement.

However, nothing in these regulations prohibits an Agency from offering, or precludes a person from accepting, assistance under a government housing program, even if the person did not receive similar assistance before displacement. However, the Agency is obligated to inform the person of his or her options under these regulations. (If a person accepts assistance under a government housing program, the rental assistance payment under § 12.402 would be computed on the basis of the person's actual out-of-pocket cost for the replacement housing.)

Section 12.2(f)(2) Persons not displaced.

Section 12.2(f)(2)(iii) recognizes that there are circumstances where the acquisition of real property takes place without the intent or necessity that an occupant of the property be displaced. Because such occupants are not considered "displaced persons" under these regulations, great care must be exercised to ensure that they are treated fairly and equitably. For example, if the tenant-occupant of a dwelling will not be displaced, but is required to relocate temporarily in connection with the project, the temporarily-occupied housing must be decent, safe and sanitary and the tenant must be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including moving expenses and increased housing costs during the temporary relocation.

It is also noted that any person who disagrees with the Agency's determination that he or she is not a displaced person under these regulations may file an appeal in accordance with § 12.10.

Section 12.2(k) Initiation of negotiations.

This section of the rule provides a special definition for acquisitions and displacements under Pub. L. 96-510 or Superfund. These activities differ under Superfund in that relocation may precede acquisition, the reverse of the normal sequence. Superfund is a program designed to clean up hazardous waste sites. When such a site is discovered, it may be necessary, in certain limited circumstances, to alert the public to the danger and to the advisability of moving immediately. If a decision is made later to permanently relocate such persons, those who had moved earlier would no longer be on site when a formal, written offer to acquire the property was made and thus would lose their eligibility for a replacement housing payment. In order to prevent this unfair outcome, we have provided a definition which is based on the public health advisory or announcement of permanent relocation.

Section 12.3 No duplication of payments.

This section prohibits an Agency from making a payment to a person under these regulations that would duplicate another payment the person receives under Federal, State, or local law. The Agency is not required to conduct an exhaustive search for such other payments; it is only required to avoid creating a duplication based on the Agency's knowledge at the time a payment under these regulations is computed.

Section 12.9(c) Reports.

This regulation allows Federal agencies to require the submission of a report on activities under the Uniform Act no more frequently than once every three years. The report, if required, will cover activities during the Federal fiscal year immediately prior to the submission date. In order to minimize the administrative burden on Agencies implementing this rule, a basic report form (see Appendix B) has been developed which, with only minor modifications, would be used in all Federal and federally-assisted programs or projects.

SUBPART B—REAL PROPERTY ACQUISITION

Section 12.101(a) General.

The provisions of this subpart apply to real property acquisition for the following types of Federal or federally-assisted programs or projects:

(1) Those carried out under the threat of eminent domain, including amicable agreements under the threat of such power.

(2) Where there is an intended, planned, or designated project area, and all or substantially all of the property within that area is eventually intended to be acquired. Such acquisitions are subject to the requirements of this subpart whether or not the Agency has or intends to use the power of eminent domain.

Provided it does not conflict with the foregoing, an Agency may determine that the requirements of this subpart do not apply to an acquisition if all of the following conditions are present:

(1) No specific site or property needs to be acquired, although the Agency may limit its search for alternative sites to a general geographic area.

(2) The property to be acquired is not part of an intended, planned, or designated project area where all or substantially all of the property within the area is eventually to be acquired.

(3) The Agency will not acquire the property in the event negotiations fail to result in an amicable agreement, and the owner is so informed.

Acquisitions meeting the foregoing criteria are classified as voluntary transactions. The essence of a voluntary transaction is the conditions surrounding the transaction, not the type of transaction itself. A voluntary transaction may involve a donation, an exchange, or a market sale, if the transaction is without compulsion on the part of the Agency.

In those situations where an Agency wishes to purchase more than one site within a geographic area on a "voluntary transaction" basis, it is intended that all owners be treated similarly.

Although the displacement of the owner-occupant of the real property as a result of a voluntary transaction is not subject to these regulations (see § 12.2(f)(2)(vi)), the displacement of a tenant-occupant of the real property is subject to these regulations.

Section 12.101(b) Less-than-full-fee interest in real property.

This provision provides a benchmark beyond which the requirements of the subpart clearly apply to leases. However, the Agency may apply the regulations to any less-than-full-fee acquisition which is short of 50 years but which in its judgment should be covered.

Section 12.102(d) Establishment of offer of just compensation.

The initial offer to the property owner may not be less than the amount of the Agency's approval appraisal, but may exceed that amount if the Agency determines that a greater amount reflects just compensation for the property.

Section 12.102(f) Basic negotiation procedures.

It is intended that an offer to an owner be adequately presented, and that the owner be properly informed. Personal, face-to-face contact should take place, if feasible, but this section is not intended to require such contact in all cases.

Section 12.102(i) Administrative settlement.

This section provides guidance on administrative settlement as an alternative to judicial resolution of a difference of opinion on the value of a property, in order to avoid unnecessary litigation and congestion in the courts.

All relevant facts and circumstances should be considered by an Agency official delegated this authority. Appraisers, including reviewing appraisers, must not be pressured to adjust their estimate of value for the purpose of justifying such settlements. Such action would invalidate the appraisal process.

Section 12.102(j) Payment before taking possession.

It is intended that a right-of-entry for construction purposes be obtained only in the exceptional case, such as an emergency project, when there is no time to make an appraisal and purchase offer and the property owner is agreeable to the process.

Section 12.102(m) Fair Rental.

Section 301(6) of the Uniform Act limits what an Agency may charge when a former owner or previous occupant of a property is permitted to rent the property for a short term or when occupancy is subject to termination by the Agency on short notice. Such rent may not exceed "the fair rental value . . . to a short-term occupier." The Agency's right to terminate occupancy on short notice (whether or not the renter also has that right) supports the establishment of a lesser rental than might be found in a longer, fixed-term situation.

Section 12.103(b) Standards of appraisal.

In paragraph (b)(3) of this section, it is intended that all relevant and reliable approaches to value be utilized. However, where an Agency determines that the market approach will be adequate by itself because of the type of property being appraised and the availability of sales data, it may limit the appraisal assignment to the market approach.

Section 12.103(c) Influence of the project on just compensation.

As used in this section, the term "project" is intended to mean an undertaking which is planned, designed, and intended to operate as a unit.

Because of the public knowledge of the proposed project, property values may be affected. A property owner should not be penalized because of a decrease in value caused by the proposed project nor reap a windfall at public expense because of increased value created by the proposed project.

Section 12.103(f) Conflict of interest.

The overall objective is to minimize the risk of fraud and mismanagement and to promote public confidence in Federal and federally-assisted land acquisition practices. Recognizing that the costs may outweigh the benefits in some circumstances, the rule provides that the same person may both appraise and negotiate an acquisition, if the value is $2,500 or less. However, it should be noted that all appraisals must be reviewed in accordance with § 12.104. This includes appraisals of real property valued at $2,500, or less.

Section 12.104 Review of appraisals.

This section recognizes that Agencies differ in the authority delegated to the review appraiser. In some cases the reviewer establishes the amount of the offer to the owner and in other cases the reviewer makes a recommendation which is acted on at a higher level. It is also within Agency discretion to decide whether a second review is needed if the first review appraiser establishes a value different from that in the appraisal report or reports on a property.

Before acceptance of an appraisal, the review appraiser must determine that the appraiser's documentation, including valuation data and the analyses on that data, demonstrates the soundness of the appraiser's opinion of value. The qualifications of the review appraiser and the level of explanation of the basis for the reviewer's recommended or approved value depend on the complexity of the appraisal problem. For a low value property requiring an uncomplicated valuation process, the reviewer's approval, endorsing the appraiser's report, may satisfy the requirement for the reviewer's statement.

Section 12.106 Expenses incidental to transfer of title to the agency.

Generally, the Agency is able to pay such incidental costs directly and, where feasible, is required to do so. In order to prevent the property owner from making unnecessary out-of-pocket expenditures and to avoid duplication of expenses, the property owner should be informed early in the acquisition process of the Agency's intent to make such arrangements. In addition, it is emphasized that such expenses must be reasonable and necessary.

Section 12.108 Donations.

This section provides that the Agency must obtain an appraisal and offer the full amount of just compensation due unless the owner, after being fully informed of such policies, releases the Agency from these obligations.

Subpart C—General Relocation Requirements

Section 12.204(a) Availability of comparable replacement dwelling before displacement.

This provision requires that no one may be required to move from a dwelling without one comparable replacement dwelling having been made available. In addition, this regulation requires that, "Where possible, three or more comparable replacement dwellings shall be made available." Thus the basic standard for the number of referrals required under this rule is three. Only in situations where three comparable replacement dwellings are not available (e.g., when the local housing market does not contain three comparable dwellings) may the Agency make fewer than three referrals.

Section 12.205 Relocation assistance advisory services.

Section 12.205(b)(2)(iii) is intended to emphasize that if the comparable replacement dwellings are located in areas of minority concentration, minority persons should, if possible, also be given opportunities to relocate to replacement dwellings not located in such areas.

Section 12.206 Eviction for cause.

Basic eligibility for assistance is established on the basis of facts existing as of the date of the initiation of negotiations. Once the Agency has determined that a person has satisfied such requirements, there is no basis for changing that determination.

Section 12.207 General requirements—claims for relocation payments.

Section 12.207(a) allows an Agency to make a payment for low cost or uncomplicated moves without additional documentation, as long as the payment is limited to the amount of the lowest acceptable bid or estimate.

Subpart E—Replacement Housing Payments

The provision in § 12.401(c)(4)(iii) to use the current fair market value for residential use does not mean the Agency must have an appraisal made. Any reasonable method at arriving at the fair market value may be used.

The provision in § 12.402(b)(1) to use the fair market rent for the displacement dwelling is intended to address the computation of payments for homeowner-occupants (who, of course, paid no rent before displacement) and those unusual situations in which a tenant is paying an unreasonably low rent and a payment based on such rent would provide a windfall. The provision is not intended to apply in those situations where the use of the fair market rent would result in a hardship because of the displaced person's income or other special circumstances.

Subpart F—Mobile Homes

Section 12.503(c) Replacement housing payment for 180-day mobile homowner-occupants.

A 180-day owner-occupant who is displaced from a mobile home on a rented site may be eligible for a replacement housing payment for a dwelling computed under § 12.401 and a replacement housing payment for a site computed under § 12.402. A 180-day owner-occupant of both the mobile home and the site, who relocates the mobile home, may be eligible for a replacement housing payment under § 12.401 to assist in the purchase of a replacement site or, under § 12.402, to assist in renting a replacement site.

Subpart G—Last Resort Housing

Section 12.601(a) Basic determination to provide last resort housing.

No additional guidelines for implementation are included in the regulation because additional requirements would tend to limit the flexibility considered necessary or appropriate to provide comparable replacement housing on a timely basis.

Section 12.601(b) Basic rights of persons to be displaced.

This paragraph affirms the right of a 180-day homeowner-occupant, who is eligible for a replacement housing payment under § 12.401, to a reasonable opportunity to purchase a comparable replacement dwelling.

However, it should be read in conjunction with the definition of "owner of displacement dwelling" at § 12.2(l). The Agency is not required to provide persons owning only a fractional interest in the displacement dwelling a greater level of assistance to purchase a replacement dwelling than the Agency would be required to provide such persons if they owned fee simple title to the displacement dwelling. If such assistance is not sufficient to buy a replacement dwelling, the Agency may provide additional purchase assistance or rental assistance.

Section 12.602 Methods of providing replacement housing.

The use of cost effective means of providing replacement housing is implied throughout the regulation. The term "reasonable cost" is used here to underline the fact that while innovative means to provide housing are allowed, they should be cost-effective.

Whenever last resort housing assistance is provided to a 180-day homeowner-occupant who must pay a higher interest rate for a new mortgage, reimbursement of increased mortgage interest costs may be based on the "buy down" approach, rather than the more costly formula at § 12.401(d). Under the "buy down" approach, a lump sum payment is made to reduce the amount of the new mortgage to the amount which can be amortized with the same repayment schedule (payment amounts and due dates) as the mortgage on the displacement dwelling. However, the "buy down" approach shall not be used to reduce a payment to less than $15,000 if the payment computed under § 12.401 would equal $15,000.

APPENDIX B—STATISTICAL REPORT FORM

This appendix sets forth the statistical information which may be collected from Agencies in accordance with § 12.9(c).

General

1. *Report coverage.* This report covers all relocation and real property acquisition activities under a Federal or a federally assisted project or program subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Pub. L. 91-646 (herein called the "Uniform Act").

2. *Report period.* Activities shall be reported on a Federal Fiscal Year basis, i.e., October 1–September 30, for the year in which the report is required.

3. *Where and when to submit report.* Submit an original and two copies of this report to (*Name and Address of Federal Agency*) as soon as possible after September 30, but *NOT LATER THAN NOVEMBER 15* of the year in which the report is due.

4. *How to report relocation payments.* The full amount of a relocation payment shall be reported as if disbursed in the year during which the payment was approved, regardless of whether the payment is to be paid in installments.

5. *How to report dollar amounts.* Round off all money entries in Parts B and C to the nearest dollar.

6. *Statutory references.* The references in parentheses in Part B indicate the section of the Uniform Act that authorizes the cost.

Part A. Persons Displaced

Report in Part A the number of persons ("households," "businesses, including nonprofit organizations," and "farms") who were permanently displaced during the report year by project or program activities and moved to their replacement dwelling or location. This includes businesses, nonprofit organizations and farms which, upon displacement, discontinued operations. The category "households" includes all families and individuals. A family shall be reported as "one" household, *not* by the number of people in the family unit. Persons shall be reported according to their status as "owners" or "tenants" of the property from which displaced.

Part B. Relocation Payments and Expenses

Columns (a) or (b). Report in Column (a) the number of claims approved during the report year. Report in Column (b) the total amount represented by the claims reported in Column (a).

Line 10b, Column (b). Report in Column (b) the amount of increased mortgage interest costs that was included in the total amount approved for Replacement Housing Payments for Homeowners on Line 10a, Column (b). Leave Line 10b, Column (a) blank.

Line 13. Report in Column (a) the number of households displaced by project or program activities which were provided assistance in accordance with section 206(a) of the Uniform Act. Report in Column (b) the total financial assistance under section 206(a) allocable to the households reported in Column (a). (If a household received financial assistance under section 203 or section 204 as well as under section 206(a) of the Uniform Act, report the household as a claim in Column (a), but in Column (b) report only the amount of financial assistance allocable to section 206(a). For example, if a tenant-household receives a payment of $5,000 to rent a replacement dwelling, the sum of $4,000 shall be included on Line 11, Column (b), and $1,000 shall be included on Line 13, Column (b).)

Line 14. Report on Line 14 all administrative costs incurred during the report year in connection with providing relocation advisory assistance and services under section 205 of the Uniform Act.

Part C. Real Property Acquisition Subject to Uniform Act

Line 16, Columns (a) and (b). Report in Column (a) all parcels acquired during the report year where title or possession was vested in the acquiring agency during the reporting period. (Include parcels acquired without Federal financial assistance, if there was or will be Federal financial assistance in other phases of the project or program.) Report in Column (b) the total of the amounts paid, deposited in court, or otherwise made available to a property owner pursuant to applicable law in order to vest title or possession in the acquiring agency.

Line 17. Report on Line 17 the number of parcels reported on Line 16 that were acquired by condemnation where price disagreement was involved. Leave Line 17, Column b), blank.

Part D. Relocation Appeals Filed During Report Year

Line 18. Report on Line 18 the total number of relocation appeals filed during the report year by a person alleging the Agency failed to properly determine the person's eligibility for, or the amount of, a relocation payment required under these regulations.

Model Uniform Act Report

Attachment
Appendix B

Part A. Persons Displaced by Activities Subject to the Uniform Act During Report Year

	Item	*Total* *(a)*	*No. of Owners* *(b)*	*No. of Tenants* *(c)*
1	Households *(Families and individuals)*			
2	Businesses and Nonprofit Organizations			
3	Farms			

Part B. Relocation Payments and Expenses Under Uniform Act During Report Year

	Item		*No. of Claims* *(a)*	*Amount* *(b)*
4	Payments for Moving Expenses for Households	Actual Expenses (Section 202(a))		
5		Fixed Payment Including Dislocation Allowance (Section 202(b))		
6	Payments for Moving Expenses for Business and Nonprofit Organizations	Actual Expenses (Section 202(a))		
7		Payment in Lieu of Actual Expenses (Section 202(c))		
8	Payment for Moving Expenses for Farms	Actual Expenses (Section 202(a))		
9		Payment in Lieu of Actual Expenses (Section 202(c))		
10a	Replacement Housing Payments for Homeowners *(Section 203(a))*			
10b	Amount on Line 10a Attributable to Increased Mortgage Interest Costs		▨	
11	Rental Assistance Payment *(Tenants and Certain Others) (Section 204(1))*			
12	Downpayment Assistance *(Tenants and Certain Others) (Section 204(2))*			
13	Housing Assistance as Last Resort *(Section 206(a))*			
14	Relocation Advisory Assistance and Services Cost *(Section 205)*		▨	
15	Total *(Sum of Lines 4 through 14 Excluding Line 10b)*		▨	

Part C. Real Property Acquisition Subject to Uniform Act During Report Year

	Item	*No. of Parcels* *(a)*	*Compensation* *(b)*
16	Total Parcels Acquired		
17	Total Parcels Acquired by Condemnation Included on Line 16 *(where price disagreement was involved)*		▨

Part D. Relocation Grievances Filed During Report Year

		Total No.
18	Relocation Grievances Filed in Connection with Project / Program	

PART 14—SECURITY REGULATIONS

Subpart A—Introduction to Security Regulations

Sec.

14.1 Purpose.
14.2 Policy.
14.3 DOL Classification Review Committee.
14.4 Definitions.

Subpart B—Review of Classified Information

14.10 Mandatory review for declassification.

Subpart C—Transmission of Classified Information

14.20 Dissemination to individuals and firms outside the executive branch.
14.21 Release of classified information to foreign governments.
14.22 Availability of classified information to persons not employed by the Department of Labor.

AUTHORITY: E.O. 12356 of April 2, 1982 (47 FR 14874).

SOURCE: 50 FR 51391, Dec. 17, 1985, unless otherwise noted.

Subpart A—Introduction to Security Regulations

§ 14.1 Purpose.

These regulations implement Executive Order 12356, entitled National Security Information, dated April 2, 1982, and directives issued pursuant to that Order through the National Security Council and the Atomic Energy Act of 1954, as amended.

§ 14.2 Policy.

The interests of the United States and its citizens are best served when information regarding the affairs of Government is readily available to the public. Provisions for such an informed citizenry are reflected in the Freedom of Information Act (5 U.S.C. 552) and in the current public information policies of the executive branch.

(a) *Safeguarding national security information.* Some official information within the Federal Government is directly concerned with matters of national defense and the conduct of foreign relations. This information must, therefore, be subject to security constraints, and limited in term of its distribution.

(b) *Exemption from public disclosure.* Official information of a sensitive nature, hereinafter referred to as national security information, is expressly exempted from compulsory public disclosure by Section 552(b)(1) of Title 5 U.S.C. Persons wrongfully disclosing such information are subject to prosecution under United States criminal laws.

(c) *Scope.* To ensure that national security information is protected, but only to the extent and for such a period as is necessary, these regulations:

(1) Identify information to be protected.

(2) Prescribe procedures on classification, declassification, downgrading, and safeguarding of information.

(3) Establish a monitoring system to ensure the effectiveness of the Department of Labor (DOL) security program and regulations.

(d) *Limitation.* The need to safeguard national security information in no way implies an indiscriminate license to withhold information from the public. It is important that the citizens of the United States have access, consistent with national security, to information concerning the policies and programs of their Government.

§ 14.3 DOL Classification Review Committee.

A DOL Classification Review Committee is hereby established.

(a) *Composition of committee.* The members of this Committee are:

Chairperson—Director, Directorate or Administrative Service and Safety and Health Programs, OASAM
Member—Director, Office of Management, Administration and Planning, Bureau of International Labor Affairs
Member—Security Officer, Bureau of Labor Statistics
Member—Security Officer, Occupational Safety and Health Administration
Member—Director, Office of Management, Office of the Solicitor
Member—Assistant Inspector General for Investigations.

(b) *Responsibilities.* The Committee is responsible for:

(1) Acting on all suggestions and complaints arising with respect to the DOL's information security program.

(2) Reviewing all requests for records under the Freedom of Information Act, 5 U.S.C. 552, when a proposed denial is based on classification under Executive Order 1356 to determine if such classification is current.

(3) Recommending to the Secretary of Labor appropriate administrative actions to correct abuses or violations of any provision of Executive Order 12356 or directives thereunder. Recommended administrative actions may include notification by warning letter, formal reprimand, and, to the extent permitted by law, suspension without pay and removal. Upon receipt of any such recommendation, the Secretary shall immediately advise the Committee of the action taken.

§ 14.4 Definitions.

The following definitions apply under these regulations:

(a) *Primary organization unit*—refers to an agency headed by an official reporting to the Secretary or Under Secretary.

(b) *Classify*—to assign information to one of the classification categories after determining that the information requires protection in the interest of national security.

(c) *Courier*—an individual designated by appropriate authority to protect classified and administratively controlled information in transit.

(d) *Custodian*—the person who has custody or is responsible for the custody of classified information.

(e) *Declassify*—the authorized removal of an assigned classification.

(f) *Document*—any recorded information regardless of its physical form or characteristics, including (but not limited to):

(1) Written material—(whether handwritten, printed or typed).

(2) Painted, drawn, or engraved material.

(3) Sound or voice recordings.

(4) Printed photographs and exposed or printed films (either still or motion picture).

(5) Reproductions of the foregoing, by whatever process.

(g) *Downgrade*—to assign lower classfication than that previously assigned.

(h) *Derivative classification*—a determination that information is in substance the same as information that is currently classified. It is to incorporate, paraphrase, restate or generate in new form information that is already classified (usually by another Federal agency).

(i) *Information Security Oversight Office (ISOO)*—an office located in the General Services Administration (GSA) that monitors the implementation of E.O. 12356.

(j) *Marking*—the physical act of indicating the assigned security classification on national security information.

(k) *Material*—any document, product, or substance on or in which information is recorded or embodied.

(l) *Nonrecord material*—extra copies and duplicates, the use of which is temporary, including shorthand notes, used carbon paper, preliminary drafts, and other material of similar nature.

(m) *Paraphrasing*—a restatement of the text without alteration of its meaning.

(n) *Product and substance*—any item of material (other than a document) in all stages of development, processing, or construction and including elements, ingredients, components, accessories, fixtures, dies, models, and mockup associated with such items.

(o) *Record material*—all books, papers, maps, photographs, or other documentary materials, regardless of physical form or characteristics, made or received by the U.S. Government in connection with the transaction of public business; this includes material preserved by an agency or its legitimate successor as evidence of its organization, functions, policies, decisions, procedures, or other activities, or because of the informational data contained herein.

(p) *True reading*—the paraphrased literal text.

(q) *Upgraded*—to assign a higher classification than that previously assigned.

Subpart B—Review of Classified Information

§ 14.10 Mandatory review for declassification.

(a) *Scope of review.* The mandatory review procedures apply to information originally classified by the DOL when it had such authority, i.e., before December 1, 1978. Requests may come from members of the public or a government employee or agency. The procedures do not apply to information originated by other agencies and merely held in possession of the DOL. Requests for disclosure submitted under provisions of the Freedom of Information Act are to be processed in accordance with provisions of that Act.

(b) *Where requests should be directed.* Requests for mandatory review for declassification should be directed to the Department of Labor, Office of the Assistant Secretary for Administration and Management (OASAM), Washington, DC 20210. Requests should be in writing and should reasonably describe the classified information to allow identification. Whenever a request does not reasonably describe the information sought, the requestor will be notified that unless additional information is provided or the scope of the request is narrowed, no further action will be undertaken.

(c) *Processing.* The OASAM will assign the request for information to the appropriate DOL office for declassification consideration. A decision will be made within 60 days as to whether the requested information may be declassified and, if so, made available to the requestor. If the information may not be released in whole or in part, the requestor will be given a brief statement as to the reasons for denial, and a notice of the right to appeal the determination to the DOL Classification Review Committee, Office of the Assistant Secretary for Administration and Management, Washington, DC 20210. The requestor is to be told that such an appeal must be filed with the DOL within 60 days.

(d) *Appeals procedure.* The DOL Classification Review Committee will review and act within 30 days on all applications and appeals for the declassification of information. The Committee is authorized to overrule on behalf of the Secretary, Agency determinations in whole or in part, when it decides that continued protection is not required. It will notify the requestor of the declassification and provide the information. If the Committee determines that continued classification is required, it will promply notify the requestor and provide the reasons for the determination.

(e) *Burden of proof.* In evaluating requests for declassification the DOL Classification Review Committee will require the DOL office having jurisdiction over the document to prove that continued classification is warranted.

(f) *Fees.* If the request requires a service for which fair and equitable fees may be charged pursuant to Title 5 of the Independent Office Appropriation Act, 31 U.S.C. 483a (1976), the requestor will be notified and charged.

Subpart C—Transmission of Classified Information

§ 14.20 Dissemination to individuals and firms outside the executive branch.

Request for classified information received from sources outside the executive branch of the Federal Government, provided the information has been originated by the DOL, will be honored in accordance with the following guidelines:

(a) *Top Secret information.* All requests for Top Secret information by an individual or firm outside the executive branch must be referred promptly to the OASAM for consideration on an individual basis.

(b) *Secret and Confidential information.* Subject to the restrictions below, Secret or Confidential information may be furnished to an individual or firm outside the executive branch if the action furthers the official program of the organization unit in which the information originated. The official furnishing such information must ensure that the individuals to whom the information is to be furnished have the appropriate DOL clearance, or at least clearance for the same or higher classification for another Federal department, or outside agency whose security clearances are acceptable to the DOL. The official must also ensure that the person to whom the classified information is being furnished possess the proper facilities for safeguarding such information. No Secret or Confidential information may be furnished to an individual or firm outside the executive branch without written concurrence from the primary organizational unit head or the Security Officer of that unit.

(c) *Unauthorized knowledge of classified information.* Upon receipt of a request for classified information which raised a suspicion that an individual or organization outside the executive branch has unauthorized knowledge of the existence of Confidential, Secret, or Top Secret information, a report providing all available details must be immediately submitted to the DOL Document Security Officer for appropriate action and disposition.

(d) *Requests from outside the United States.* All requests from outside the United States for Top Secret, Secret or Confidential information, except those received from foreign offices of the primary organizational unit or from U.S. embassies or similar missions, will be referred to the Deputy Under Secretary for International Affairs.

(e) *Access by historical researchers.* Individuals outside the executive branch engaged in historical research may be authorized access to classified information over which the DOL has jurisdiction provided:

(1) The research and need for access conform to the requirements of section 4-3 of Executive Order 12356.

(2) The information requested is reasonably accessible and can be located and compiled with a reasonable amount of effort.

(3) The researcher agrees to safeguard the information in a manner consistent with E.O. 12356 and directives thereunder.

(4) The researcher agrees to a review of the notes and manuscript to determine that no classified information is contained therein.

Authorization for access is valid for the period required but no longer than two years from the date of issuance unless it is renewed under the conditions and regulations governing its original authorization.

(f) *Access by former presidential appointees.* Individuals who have previously occupied policymaking positions to which they were appointed by the President may be authorized access to classified information which they originated, reviewed, signed, or received while in public office. Upon request, information identified by such individuals will be reviewed for declassification in accordance with the provisions of these regulations.

§ 14.21 Release of classified information to foreign governments.

National security information will be released to foreign governments in accordance with the criteria and procedures stated in the President's Directive entitled "Basic Policy Governing the Release of Classified Defense Information to Foreign Governments" dated September 25, 1985. All requests for the release of such information will be referred to the Deputy Under Secretary for International Affairs.

§ 14.22 Availability of classified information to persons not employed by the Department of Labor.

(a) *Approval for access.* Access to classified information in the possession or custody of the primary organizational units of the Department by individuals who are not employees of the executive branch shall be approved in advance by the DOL Document Security Officer.

(b) *Access to Top Secret material.* Access to Top Secret Information within the primary organizational units of the DOL by employees of other Federal agencies must be approved in advance by the Top Secret Control Officer of the primary organizational unit.

(c) *Access to Secret and Confidential information.* Secret and Confidential information may be made available to properly cleared employees of other Federal departments or outside agencies if authorized by the primary organizational units having custody of the information.

PART 15—ADMINISTRATIVE CLAIMS UNDER THE FEDERAL TORT CLAIMS ACT AND RELATED STATUTES

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AUTHORITY: 28 U.S.C. 2672; 28 CFR 14.11; 31 U.S.C. 241; 29 U.S.C. 926(b), and Secretary's Order 24-76.

SOURCE: 42 FR 769, Jan. 7, 1977, unless otherwise noted.

Subpart A—Claims Against Government Under Federal Tort Claims Act

§ 15.1 Scope and purpose.

(a) The purpose of this subpart is to set forth regulations relating to claims asserted under the Federal Tort Claims Act, as amended, accruing on or after January 18, 1967, and filed after the effective date of these regulations, for money damages against the United States for injury to or loss of property or personal injury or death casued by the negligent or wrongful act or omission of an officer or employee of the Department of Labor while acting within the scope of his office or employment. It reflects delegations of authority which have been published in the FEDERAL REGISTER and replaces § 2.5 of this title, "General Regulations," relating to "Claims under the Federal Tort Claims Act for loss or damage to property or for personal injury or death," which is hereby revoked.

(b) This subpart is issued subject to and consistent with applicable regulations on administrative claims under the Federal Tort Claims Act issued by the Attorney General (31 FR 16616; 28 CFR Part 14).

§ 15.2 Definitions.

(a) "Department" means the Department of Labor, which consists of the Office of the Secretary and the several organizational units.

(b) "Organizational unit" means the jurisdictional area of each Assistant Secretary, each office head reporting directly to the Secretary, and each Regional Administrator.

(c) "Act" means the Federal Tort Claims Act, as amended (28 U.S.C. 1346(b), 28 U.S.C. 2671 et seq.).

§ 15.3 Filing of claims.

(a) A claim for injury to or loss of property may be presented by the owner of the property, his duly authorized agent, or his legal representative.

(b) A claim for personal injury may be presented by the injured person, his duly authorized agent, or his legal representative.

(c) A claim for death may be presented by the executor or administrator of the decedent's estate, or by any other person legally entitled to assert such a claim in accordance with applicable State law.

(d) A claim for loss wholly compensated by an insurer and the rights of a subrogee may be presented by the insurer. A claim for loss partially compensated by an insurer with the rights of a subrogee may be presented by the insurer or the insured individually, as their respective interests appear, or jointly. Whenever an insurer presents a claim asserting the rights of a subrogee, he shall present with his claim appropriate evidence that he has the rights of a subrogee.

(e) A claim presented by an agent or legal representative shall be presented in the name of the claimant, be signed by the agent or representative, show the title or legal capacity of the person signing and be accompanied by evidence of his authority to present a claim on behalf of the claimant as agent, executor, administrator, parent, guardian, or legal representative.

§ 15.4 Where to file.

(a) For the purposes of this subpart, a claim shall be deemed to have been presented when the Department receives, at a place designated in paragraph (b) of this section, a properly executed "Claim for Damages or Inquiry", on Standard Form 95, or other written notification of an incident accompanied by a claim for money damages in a sum certain for injury to or loss of property or personal injury or death by reason of the incident.

(b)(1) A claimant shall mail or deliver his claim for money damages for injury to or loss of property or personal injury or death caused by the negligent or wrongful act or omission of any employee of the Department while acting within the scope of his office or employment hereunder to the office of employment of the departmental employee or employees whose negligent or wrongful act or omission is alleged to have caused the alleged loss or injury. Where such office of employment is the Department's national office in Washington, D.C., or is not reasonably known and not reasonably ascertainable, claimant shall file his claim with the

Office of the Solicitor of Labor, U.S. Department of Labor, 200 Constitution Avenue, N.W., Suite N2716, Washington, D.C. 20210.

(2) In all other cases, the claimant shall address his claim to the regional or branch office of the Office of the Solicitor having jurisdiction over the location of the office of employment. The addresses and areas of jurisdiction for each such regional and branch office are as follows:

Regional Solicitor, U.S. Department of Labor, John F. Kennedy Federal Building, Government Center—Room 1803, Boston, MA 02203.

(For claims arising in Maine, Massachusetts, New Hampshire, Vermont, Rhode Island, and Connecticut.)

Regional Solicitor, U.S. Department of Labor, 1515 Broadway, Room 3555, New York, NY 10036.

(For claims arising in New Jersey, and New York.)

Regional Attorney, U.S. Department of Labor, 212 U.S. Court House and Federal Office Building, Carlos Chardon Avenue, Hato Rey, Puerto Rico 00918.

(For claims arising in Puerto Rico and the Virgin Islands.)

Regional Solicitor, U.S. Department of Labor, 14480 Gateway Building, 3535 Market Street, Philadelphia, PA 19104.

(For claims arising in Delaware, Maryland, Pennsylvania, Virginia, and West Virginia.)

Regional Solicitor, U.S. Department of Labor, 1371 Peachtree Street, N.E., Room 339, Atlanta, GA 30309.

(For claims arising in Florida, Georgia, and South Carolina.)

Associate Regional Solicitor, U.S. Department of Labor, 1929 9th Avenue S., Birmingham, AL 35205.

(For claims arising in Alabama and Mississippi.)

Regional Attorney, U.S. Department of Labor, 280 U.S. Courthouse Building, 801 Broadway, Nashville, Tenn. 37203.

(For claims arising in Kentucky, North Carolina, and Tennessee.)

Regional Solicitor, U.S. Department of Labor, Federal Office Building, 230 South Dearborn Street, Eighth Floor, Chicago, IL 60604.

(For claims arising in Illinois, Indiana, Minnesota, and Wisconsin.)

Associate Regional Solicitor, U.S. Department of Labor, Federal Office Building, Cleveland, Ohio 44199.

(For claims arising in Ohio.)

Associate Regional Solicitor, U.S. Department of Labor, 234 State Street, Detroit, Mich. 48226.

(For claims arising in Michigan.)

Regional Solicitor, U.S. Department of Labor, 555 Griffin Square Building, Suite 707, Griffin & Young Streets, Dallas, TX 75202.

(For claims arising in Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.)

Regional Solicitor, U.S. Department of Labor, 2106 Federal Office Building, 911 Walnut Street, Kansas City, MO 64106.

(For claims arising in Iowa, Kansas, Missouri, and Nebraska.)

Associate Regional Solicitor, U.S. Department of Labor, Federal Office Building, Room 16444, 1961 Stout Street, Denver, CO 80202.

(For claims arising in Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.)

Regional Solicitor, U.S. Department of Labor, P.O. Box 36017 Federal Building, 450 Golden Gate Avenue, San Francisco, CA 94102.

(For claims arising in Arizona (except Southern Arizona), California (except Southern California), Guam, Hawaii, and Nevada (except Southern Nevada).)

Associate Regional Solicitor, U.S. Department of Labor, Federal Building, Los Angeles, CA 90012.

(For claims arising in Southern Arizona, Southern California, and Southern Nevada.)

Associate Regional Solicitor, U.S. Department of Labor, 7009 Federal Office Building, 900 First Avenue, Seattle, WA 98101.

(For claims arising in Alaska, Idaho, Oregon, Washington.)

[42 FR 769, Jan. 7, 1977, as amended at 42 FR 11832, Mar. 1, 1977]

§ 15.5 Evidence or Information Required.

(a) *Personal injury.* In support of a claim for personal injury, including pain and suffering, the claimant is required to submit the following evidence or information:

(1) A written report by the attending physician or dentist setting forth the nature and extent of the injury, nature and extent of treatment, any degree of temporary or permanent impairment, the prognosis period of hospitalization, if any, and any diminished earning capacity. In addition, the claimant may be required to submit to a physical or mental examination by a physician employed or designated by the Department or another federal agency. A copy of the report of the examining physician shall be made available to the claimant upon the claimant's written request: *Provided,* That he has, upon request, furnished the report referred to in the first sentence of this subparagraph and has made, or agrees to make available to the Department any other physician's report previously or thereafter made of the physical or mental condition which is the subject matter of the claim.

(2) Itemized bills for medical, dental and hospital expenses incurred, or itemized receipts of payment for such expenses.

(3) If the prognosis reveals the necessity for future treatment, a statement of expected expenses for such treatment.

(4) If a claim is made for loss of time from employment, a written statement from his employer showing actual time lost from employment, whether he is a full or part-time employee, and wages or salary actually lost.

(5) If a claim is made for loss of income and the claimant is self-employed, documentary evidence showing the amount of earnings lost. For example, income tax returns for several years prior to the injury in question and the year in which the injury occurred may be used to indicate or measure lost income; a statement of how much it did or would cost the claimant to hire someone else to do the same work he was doing at the time of injury might also be used in measuring lost income.

(6) Any other evidence or information which may have a bearing on either the responsibility of the United States for the personal injury or the damages claimed.

(b) *Death.* In support of a claim based on death, the claimant may be required to submit the following evidence or information:

(1) An authenticated death certificate or other competent evidence showing cause of death, date of death, and age of the decedent.

(2) Decedent's employment or occupation at the time of death, including his monthly or yearly salary or earnings (if any), and the duration of his last employment or occupation.

(3) Full name, address, birth date, kinship and marital status of the decedent's survivors, including identification of those survivors who were dependent for support upon the decedent at the time of his death.

(4) Degree of support afforded by the decedent to each survivor dependent upon him for support at the time of his death.

(5) Decedent's general physical and mental condition before death.

(6) Itemized bills for medical and burial expenses incurred by reason of the incident causing death, or itemized receipts of payment for such expenses.

(7) If damages for pain and suffering prior to death are claimed, a physician's detailed statement specifying

the injuries suffered, duration of pain and suffering, any drugs administered for pain, and the decedent's physical condition in the interval between injury and death.

([illegible]) Any other evidence or information which may have a bearing on either the responsibility of the United States for the death or damages claimed.

(c) *Property damages.* In support of a claim for injury to or loss of property, real or personal, the claimant may be required to submit the following evidence or information:

(1) Proof of ownership.

(2) A detailed statement of the amount claimed with respect to each item of property.

(3) An itemized receipt of payment for necessary repairs or itemized written estimates of the cost of such repairs.

(4) A statement listing date of purchase, purchase price, and salvage value where repair is not economical.

(5) Any other evidence or information which may have a bearing on either the responsibility of the United States for the injury to or loss of property or the damages claimed.

§ 15.6 Action on claims.

(a) *Claims investigation.* When a claim has been filed with the Department, the head of the organizational unit involved, or his designee, shall designate an employee in that unit who shall act as the Claims Investigatory Officer for the claim and who shall:

(1) Investigate as completely as is practicable the nature and circumstances of the occurrence causing the loss or damage to the claimant's property.

(2) Ascertain the extent of loss or damage to the claimant's property.

(3) Assemble the necessary forms with required data contained therein.

(4) Prepare a brief statement setting forth the facts relative to the claim, a finding whether the claim satisfies the requirements of this subpart, and a recommendation as to the amount to be paid in settlement of the claim.

(5) Submit such forms, statements, and all necessary supporting papers to the head of the organizational unit having jurisdiction over the employee involved, who shall then transmit the entire file to the appropriate Office of the Solicitor of Labor as set forth in § 15.4(b) above.

(b) *Authority to consider, ascertain, adjust, determine, compromise and settle claims.* The Deputy Solicitor shall have the power to consider, ascertain, adjust, determine, compromise and settle claims pursuant to the Federal Tort Claims Act which involve the alleged negligence, or wrongful act or omission of an employee whose office of employment is the Department's national office in Washington, D.C., or which exceed $2,500 in amount or which involve a new precedent or a new point of law, or a question of policy. Regional Solicitors, the Associate Regional Solicitors and Regional Attorneys listed in § 15.4(b) are authorized to consider, ascertain, adjust, determine, compromise and settle, claims arising in their respective jurisdictions pursuant to the Federal Tort Claims Act which do not exceed $2,500 in amount and which do not involve a new precedent or new point of law or a question of policy.

[42 FR 769, Jan. 7, 1977, as amended at 42 FR 11832, Mar. 1, 1977]

§ 15.7 Payment of awards.

Any award, compromise or settlement in the amount of $2,500 or less made pursuant to this section shall be paid by the Secretary of Labor out of appropriations available to the Department of Labor. Payment of an award, compromise or settlement in an amount in excess of $2,500 made pursuant to this section shall be made in accordance with 28 CFR 14.10.

§ 15.8 Referral to Department of Justice.

An award, compromise or settlement of a claim under § 2672, Title 28, United States Code, and this subpart, in excess of $25,000 may be effected only with the prior written approval of the Attorney General or his designee. For the purpose of this subpart, a principal claim and any derivative or subrogated claim shall be treated as a single claim.

§ 15.9 Final denial of claim.

Final denial of an administrative claim under this subpart shall be in writing, and notification of denial shall be sent to the claimant, his attorney or legal representative by certified or registered mail. The notification of final denial shall include a statement of the reasons for the denial and shall include a statement that, if the claimant is dissatisfied with the Department's action, he may file suit in an appropriate U.S. District Court not later than 6 months after the date of mailing of the notification.

§ 15.10 Action on approved claim.

(a) Payment of a claim approved under this subpart is contingent upon claimant's execution of (1) a claim for "Damage or Injury", Standard Form 95; (2) a claims settlement agreement; and (3) a "Voucher for Payment", Standard Form 1145, as appropriate. When a claimant is represented by an attorney, the voucher for payment shall designate both the claimant and his attorney as payees, and the check shall be delivered to the attorney whose address shall appear on the voucher.

(b) Acceptance by the claimant, his agent or legal representative of an award, compromise, or settlement made under § 2672 or 2677 of Title 28, United States Code, is final and conclusive on the claimant, his agent or legal representative, and any other person on whose behalf or for whose benefit the claim has been presented and constitutes a complete release of any claim against the United States and against any officer or employee of the Government whose act or omission gave rise to the claim by reason of the same subject matter.

Subpart B—Claims Under the Military Personnel and Civilian Employees' Claims Act of 1964

§ 15.11 Scope and purpose.

(a) This subpart applies to all claims filed by or on behalf of employees of the Department of Labor (DOL) for loss of or damage to personal property after the effective date of these regulations, incident to their service with DOL under the Military Personnel and Civilian Employees' Claims Act of 1964, (hereinafter referred to as the Act.) A claim must be substantiated and the possession of the property determined to be reasonable, useful or proper. The maximum amount that can be paid for any claim under the Act is $15,000 and property may be replaced in kind at the option of the Government.

(b) DOL is not an insurer and does not underwrite all personal property losses that an employee may sustain. Employees are encouraged to carry private insurance to the maximum extent practicable to avoid large losses which may not be recoverable from DOL. The procedures set forth in this section are designed to enable the claimant to obtain the proper amount of compensation for the loss or damage. Failure of the claimant to comply with these procedures may reduce or preclude payment of the claim under this subpart.

§ 15.12 Filing of claims.

(a) *Who may file.* (1) A claim may be made pursuant to this subpart by an employee or in the employee's name by the employee's spouse or authorized agent, or legal representative. If the employee is deceased, the claim may be filed in the following order of preference, by the employee's spouse, children, parent, brother or sister or the authorized agent or legal representative of such other person or persons.

(2) A claim may not be made hereunder by or for the benefit of a subrogee, assignee, conditional vendor or other third party.

(b) *Where to file.* A claim hereunder must be presented in writing. If the claimant's place of employment is at the National Office of an organizational unit of the Department, the claim should be filed with the Office of the Solicitor of Labor, U.S. Department of Labor, Suite N2716, 200 Constitution Avenue, N.W., Washington, D.C. 20210. In all other cases the claimant shall address the claim to the regional or branch office of the Solicitor of Labor servicing the organizational unit. The address of such offices are set forth in § 15.4(b) of this part.

(c) *Evidence required.* Any claim filed hereunder must be accompanied by the following: (1) A written statement, signed by the claimant or his authorized agent, setting forth the circumstances under which the damage or loss occurred. This statement shall also include:

(i) A description of the type, design, model number or other identification of the property.

(ii) The date of purchase or acquisition, from whom purchased or acquired, and the original cost of the property.

(iii) The location of the property when the loss or damage occurred.

(iv) The purpose of and authority for travel, if the loss or damage occurred incident to transportation or to the use of a motor vehicle.

(v) Any and all available information as to the party responsible for the loss or damage, if such party is someone other than the claimant and all information as to insurance contracts whether held by the claimant or by the party responsible.

(2) Copies of all available and appropriate documents such as bills of sale, estimates of repairs, travel orders and other as the need is demonstrated. In the case of an automobile, the claimant must file two estimates of repair or a certified paid bill showing the damage incurred, the cost of all parts, labor and other items necessary to the repair of the vehicle, or a statement from an authorized dealer or repair garage showing that the cost of such repairs exceeds the value of the vehicle.

(3) A copy of the power of attorney or other authorization if the claim is filed by someone other than the employee.

(d) *Time limitations.* A claim under this part may be allowed only if: (1) Except as provided in paragraph (d)(2) of this section, it is filed in writing within 2 years after accrual. For the purpose of this part, a claim accrues at the time of the accident or incident causing the loss or damage, or at such time as the loss or damage should have been discovered by the claimant by the exercise of due diligence.

(2) It cannot be filed within the time limits of paragraph (d)(1) of this section, because it accrues in time of war or in time of armed conflict in which any armed force of the United States is engaged or if such a war or armed conflict intervenes within 2 years after it accrues, and if good cause is shown, and if it is filed not later than 2 years after the cause ceases to exist, or 2 years after the war or armed conflict is terminated, whichever is earlier.

§ 15.13 Allowable claims.

(a) A claim may be allowed only if: (1) The damage or loss was not caused wholly or partly by the negligent or wrongful act of the claimant, his agent, the members of his family, or his private employee (the standard to be applied is that of reasonable care under the circumstances); and

(2) The possession of the property lost or damaged and the quantity possessed is determined to have been reasonable, useful or proper under the circumstances; and

(3) The claim is substantiated by proper and convincing evidence.

(b) Claims which are otherwise allowable under this part shall not be disallowed solely because the property was not in the possession of the claimant at the time of the damage or loss, or solely because the claimant was not the legal owner of the property for which the claim is made. For example, borrowed property may be the subject of a claim.

(c) Subject to the conditions in paragraph (a) of this section and the other provisions of this subpart, any claim for damage to, or loss of, personal property incident to service with DOL may be considered and allowed. The following are examples of the principal types of claims which may be allowed, but these examples are not exclusive and other types of claims may be allowed, unless hereinafter excluded:

(1) *Property or damage in quarters or other authorized places.* Claims may be allowable for damage to, or loss of, property arising from fire, flood, hurricane, other natural disaster, theft, or other unusual occurrence, while such property is located at:

(i) Quarters within the 50 States or the District of Columbia that were assigned to the claimant or otherwise provided in kind by the United States; or

(ii) Quarters outside the 50 States and the District of Columbia that were occupied by the claimant, whether or not they were assigned or otherwise provided in kind by the United States, except when the claimant is a civilian employee who is a local inhabitant; or

(iii) Any warehouse, office, working area or other place (except quarters) authorized or apparently authorized for the reception or storage of property.

(2) *Transportation or travel losses.* Claims may be allowed for damage to, or loss of, property incident to transportation or storage pursuant to order or in connection with travel under orders, including property in the custody of a carrier, an agent or agency of the Government, or the claimant.

(3) *Mobile homes.* Claims may be allowed for damage to, or loss of, mobile homes and their contents under the provisions of paragraph (c)(2) of this section. Claims for structural damage to mobile homes, other than that caused by collision, and damage to contents of mobile homes resulting from such structural damage, must contain conclusive evidence that the damage was not caused by structural deficiency of the mobile home and that it was not overloaded. claims for damage to, or loss of, tires mounted on mobile homes will not be allowed, except in cases of collision, theft or vandalism.

(4) *Enemy action or public service.* Claims may be allowed for damages to, or loss of, property as a direct consequence of:

(i) Enemy action or threat thereof, or combat, guerilla, brigandage, or other belligerent activity, or unjust confiscation by a foreign power or its nationals.

(ii) Action by the claimant to quiet a civil disturbance or to alleviate a public disaster.

(iii) Efforts by the claimant to save human life or Government property.

(5) *Property used for the benefit of the Government.* Claims may be allowed for damage to, or loss of, property when used for the benefit of the Government at the request of, or with the knowledge and consent of superior authority.

(6) *Clothing and accessories.* Claims may be allowed for damage to, or loss of clothing or accessories customarily worn on the person, such as eyeglasses, hearing aids, or dentures.

§ 15.14 Restrictions on certain claims.

Claims of the type described in this section are only allowable subject to the restrictions noted:

(a) *Money or currency.* Claims may be allowed for loss of money or currency only when lost incident to fire, flood, hurricane, other natural disaster, or by theft from quarters (as limited by section 15.13(c)(1) above). In instances of theft from quarters, it must be conclusively shown that the quarters were locked at the time of the theft. Reimbursement for loss of money or currency is limited to an amount which is determined to have been reasonable for the claimant to have had in his possession at the time of the loss.

(b) *Government property.* Claims may only be allowed for property owned by the United States for which the claimant is financially responsible to any agency of the Government other than DOL.

(c) *Estimate fees.* Claims may include fees paid to obtain estimates of repairs only when it is clear that an estimate could not have been obtained without paying a fee. In that case, the fee may be allowed only in an amount determined to be reasonable in relation to the value of the property or the cost of the repairs.

(d) *Automobiles and other motor vehicles.* Claims may only be allowed for damage to, or loss of, automobiles and other motor vehicles if:

(1) Such motor vehicles were required to be used for official Government business (official Government business, as used here, does not include travel, or parking incident thereto between quarters and office, or use of vehicles for the convenience of the owner. However, it does include travel, and parking incident thereto, between

quarters and assigned place of duty specifically authorized by the employee's supervisor as being more advantageous to the Government,); or

(2) Shipment of such motor vehicles was being furnished or provided by the Government, subject to the provisions of § 15.16, below.

§ 15.15 Unallowable claims.

Claims are not allowable for the following:

(a) *Unassigned quarters in United States.* Property loss or damage in quarters occupied by the claimant within the 50 States or the District of Columbia that were not assigned to him or otherwise provided in kind by the United States.

(b) *Business property.* Property used for business or profit.

(c) *Unserviceable property.* Wornout or unserviceable property.

(d) *Illegal possession.* Property acquired, possessed or transferred in violation of the law or in violation of applicable regulations or directives.

(e) *Articles of extraordinary value.* Valuable articles, such as cameras, watches, jewelry, furs or other articles of extraordinary value, when shipped with household goods or as unaccompanied baggage (shipment includes storage). This prohibition does not apply to articles in the personal custody of the claimant or articles properly checked: *Provided,* That reasonable protection or security measures have been taken by claimant.

(f) *Minimum amount.* Loss or damage amounting to less than $10.

§ 15.16 Claims involving carriers or insurers.

In the event the property which is the subject of the claim was lost or damaged while in the possession of a commercial carrier or was insured, the following procedures will apply:

(a) Whenever property is damaged lost or destroyed while being shipped pursuant to authorized travel orders, the owner must file a written claim for reimbursement with the last commercial carrier known or believed to have handled the goods, or the carrier known to be in possession of the property when the damage or loss occurred, according to the terms of its bill of lading or contract, before submitting a claim against the Government under this subpart.

(b) Whenever property is damaged, lost, or destroyed incident to the claimant's service and is insured in whole or in part, the claimant must make demand in writing against the insurer for reimbursement under the terms and conditions of the insurance coverage, prior to the filing of the claim against the Government.

(c) Failure to make a demand on a carrier or insurer or to make all reasonable efforts to protect and prosecute rights available against a carrier or insurer and to collect the amount recoverable from the carrier or insurer may result in reducing the amount recoverable from the Government by the maximum amount which would have been recoverable from the carrier or insurer had the claim been timely or diligently prosecuted. However, no deduction will be made where the circumstances of the claimant's service preclude reasonable filing of such a claim or diligent prosecution, or the evidence indicates a demand was impracticable or would have been unavailing.

(d) Following the submission of the claim against the carrier or insurer, the claimant may immediately submit his claim against the Government in accordance with the provisions of this subpart, without waiting until either final approval or denial of his claim is made by the carrier or insurer.

(1) Upon submitting his claim, he will certify in his claim that he has or has not gained any recovery from a carrier or insurer, and enclose all corresponence pertinent thereto.

(2) If final action has not been taken by the carrier or insurer on his claim, he will immediately notify them to address all correspondence in regard to his claim to him in care of the appropriate Office of the Solicitor of Labor.

(3) The claimant shall advise the appropriate Office of the Solicitor of any action taken by the carrier or insurer on his claim and, upon request, shall furnish all correspondence, documents, and other evidence pertinent to the matter.

(e) The claimant shall assign to the United States, to the extent of any

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payment on his claim accepted by him, all his rights, title and interest in any claim he may have against any carrier, insurer, or other party arising out of the incident on which the claim against the United States is based. After payment of his claim by the United States, the claimant will, upon receipt of any payment from a carrier or insurer, pay the proceeds to the United States to the extent of the payment received by him from the United States.

(f) Where a claimant recovers for the loss from the carrier or insurer before his claim under this subpart is settled, the amount or recovery shall be applied to his claim as follows:

(1) When the amount recovered from a Carrier, insurer, or other third party is greater than or equal to the claimant's total loss as determined under this part, no compensation is allowable under this part.

(2) When the amount recovered is less than such total loss, the allowable amount is determined by deducting the recovery from the amount of such total loss.

(3) For the purposes of this paragraph (f) of this section the claimant's total loss is to be determined without regard to the $15,000 maximum set forth above. However if the resulting amount, after making this deduction exceeds $15,000, the claimant shall be allowed only $15,000.

§ 15.17 Claims procedures.

The Deputy Solicitor, the Regional Solicitors, Associate Regional Solicitors, and Regional Attorneys listed in § 15.4(b), are authorized to consider, ascertain, adjust, determine, compromise and settle claims filed under this Act in accordance with the limitations set forth in § 15.6(b). Unless otherwise provided, the general procedural rules for the processing and settling of administrative claims under the Federal Tort Claims Act, as set forth in Subpart A above, shall be followed.

[42 FR 11833, Mar. 1, 1977]

§ 15.18 Computation of award and finality of settlement.

(a) The amount allowable for damage to or loss of any item of property may not exceed the cost of the item (either the price paid in cash or property, or the value at the time of acquisition if not acquired by purchase or exchange); and there will be no allowance for replacement cost or for appreciation in the value of the property. Subject to these limitations, the amount allowable is either:

(1) The depreciated value, immediately prior to the loss or damage of property lost or damaged beyond economical repair, less any salvage value; or

(2) The reasonable cost of repairs, when property is economically repairable, provided that the cost of repairs does not exceed the amount allowable under paragraph (a)(1) of this section.

(b) Depreciation in value is determined by considering the type of article involved, its cost, its condition when damaged or lost, and the time elapsed between the date of acquisition and the date of damage or loss.

(c) Replacement of lost or damaged property may be made in kind wherever appropriate.

(d) Notwithstanding any other provisions of law, settlement of claims under the Act are final and conclusive as to personal damage claims of Government employees.

§ 15.19 Attorneys fees.

No more than 10 per centum of the amount paid in settlement of each individual claim submitted and settled under this subpart shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with that claim.

Subpart C—Claims Arising Out of Operation of Job Corps Centers

§ 15.20 Scope and purpose.

(a) The purpose of this subpart is to set forth regulations relating to the claims for damage to persons or property arising out of the operation of Job corps Centers under the Comprehensive Employment and Training Act of 1973 (CETA) which the Secretary of Labor finds to be a proper charge against the United states but which are not cognizable under the Federal Tort Claims Act.

(b) This subpart further amplifies the regulatory provisions set forth in 29 CFR 97a.85 regarding such claims.

§ 15.21 Allowable claims.

(a) A claim for damage to persons or property arising out of the tortious act or omission of a Job Corps enrollee may be considered under § 416(b) of CETA (29 U.S.C. 926(b)) if the enrollee involved was not within the geographical limits of his hometown when the incident giving rise to the claim occurred, and such incident occurred on the center to which the enrollee involved was assigned, or within 100 miles of it, or while he was on authorized travel to or from the center.

(b) A claim for damage to person or property hereunder may not be cognizable under the Federal Tort Claims Act (28 U.S.C. 2677).

(c) A claim for damage to person or property may be adjusted and settled hereunder in an amount not exceeding $500.

§ 15.22 Claims procedures.

The Regional Solicitors, Associate Regional Solicitors, and Regional Attorneys listed in § 15.4(b) are authorized to consider, ascertain, adjust, determine, compromise and settle claims filed under this Act in accordance with the limitations set forth in § 15.6(b). Unless otherwise provided, the general procedural rules for the processing and settling of administrative claims under the Federal Tort Claims Act, as set forth in Subpart A of this part, shall be followed.

[42 FR 11832, Mar. 1, 1977]

PART 16—EQUAL ACCESS TO JUSTICE ACT

Subpart A—General Provisions

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AUTHORITY: Pub. L. 96-481, 94 Stat. 2327 (5 U.S.C. 504).

SOURCE: 46 FR 63021, Dec. 29, 1981, unless otherwise noted.

Subpart A—General Provisions

§ 16.101 Purpose of these rules.

Section 203(a)(1) of the Equal Access to Justice Act amends section 504 of the Administrative Procedure Act to provide for the award of attorney fees and other expenses to eligible individuals and entities who are parties to certain administrative proceedings before the Department of Labor. An eligible party may receive an award when it prevails over an agency, unless the agency's position in the proceeding was substantially justified or special circumstances make an award unjust. The rules in this part describe the parties eligible for awards, the proceedings that are covered, how to apply for awards, and the standards under which awards will be granted.

§ 16.102 Definitions.

As used in this part:

(a) "The Act" means section 504 of Title 5, United States Code, as amended by section 203(a)(1) of the Equal Access to Justice Act, Pub. L. No. 96-481.

(b) "Adversary adjudication" means an adjudication under 5 U.S.C. 554 or other proceeding required by statute to be determined on the record after an opportunity for an agency hearing,

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but excludes an adjudication for the purpose of establishing or fixing a rate or for the purpose of granting or renewing a license.

(c) "Adjudicative officer" means the official who presides at the adversary adjudication, without regard to whether the official is designated as an administrative law judge, a hearing officer or examiner, or otherwise.

(d) "Department" refers to the cognizant departmental component which is participating in the adversary adjudication, (e.g., Occupational Safety and Health Administration, Mine Safety and Health Administration, and Employment Standards Administration).

(e) "Proceeding" means an adversary adjudication as defined in paragraph (b) of this section.

§ 16.103 When the Act applies.

The Act applies to any adversary adjudication pending before the Department at any time between October 1, 1981 and September 30, 1984. This includes proceedings begun before October 1, 1981 if final agency action has not been taken before that date, and proceedings pending on September 30, 1984, regardless of when they were initiated or when final agency action occurs, except that it shall not apply in any case pending on October 1, 1981 in which a decision has been issued, but final agency action has not been taken by reason of an abatement.

§ 16.104 Proceedings covered.

(a) The Act applies in adversary adjudications in which the position of the Department or another agency of the United States is presented by an attorney or other representative who enters an appearance and participates in the proceeding in an adversarial capacity. Any proceeding which prescribes a lawful present or future rate or is primarily rule-making is not covered. Proceedings to grant or renew licenses are also excluded, but proceedings to modify, suspend or revoke licenses are covered if they are otherwise adversary adjudications. The following types of proceedings are deemed to be adversarial adjudications which will be covered by the Act, when all other conditions in the Act and in these rules are met:

(1) Hearings conducted by the Occupational Safety and Health Review Commission under the authority of 29 U.S.C. 661 of the Occupational Safety and Health Act; and hearings conducted by the Federal Mine Safety and Health Review Commission under the authority of 30 U.S.C. 823 of the Mine Safety and Health Act. In these proceedings, the rules of the respective Commissions rather than the instant rules will be applicable.

(2) Wage and Hour Division, Employment Standards Administration:

(i) Civil money penalties under the child labor provisions of the Fair Labor Standards Act at 29 U.S.C. 216(e) and 29 CFR Part 579.

(ii) Violations and debarment in Federal contracts under the Walsh-Healey Act at 41 U.S.C. 39 and 41 CFR 50-203.1.

(iii) Revocation, modification and suspension of licenses under the Farm Labor Contractor Registration Act at 7 U.S.C. 2045(b) and 29 CFR 40.101.

(iv) Civil money penalties under the Farm Labor Contractor Registration Act at 7 U.S.C. 2048(b)(2) and 29 CFR 40.101.

(v) Revocation and suspension of certificates under the Migrant and Seasonal Agricultural Worker Protection Act at 29 U.S.C. 1813(b) and 29 CFR 500.200.

(vi) Civil money penalties under the Migrant and Seasonal Agricultural Worker Protection Act at 29 U.S.C. 1853(b) and 29 CFR 500.200.

(3) Office of Federal Contract Compliance Programs, Employment Standards Administration hearings prior to the denial, withholding, termination or suspension of a government contract or any portion of a contract under Title VII of the Civil Rights Act of 1964, as amended, at 42 U.S.C. 2000e-17 and 41 CFR Part 60-30.

(4) Office of Civil Rights:

(i) Fund termination under Title VI of the Civil Rights Act at 42 U.S.C. 2000d2 and 29 CFR Part 31.

(ii) Fund termination under the Age Discrimination in Federally Assisted Programs Act of 1975 at 42 U.S.C. 6104(a).

(iii) Fund termination or refusal to grant because of discrimination under 20 U.S.C. 1682.

(5) Employment and Training Administration:

(i) Proceedings under the Comprehensive Employment and Training Act at 29 U.S.C. 818, where the Department determines that a recipient of CETA funds is failing to comply with the requirements of the Act and the implementing regulations.

(ii) Conformity and compliance under the Federal Unemployment Tax Act at 26 U.S.C. 3303(b) and 3304(c).

(iii) Proceedings under section 303(b) of the Social Security Act of 1935, as amended, 42 U.S.C. 503(b).

(6) Mine Safety and Health Administration:

(i) Petitions for modification of a mandatory safety standard under the Mine Safety and Health Act at 30 U.S.C. 811(c) and 30 CFR 44.20.

(7) Occupational Safety and Health Administration:

(i) Exemptions, tolerances and variances under the Occupational Safety and Health Act at 29 U.S.C. 655 and 29 CFR 1905.3.

(b) If a proceeding includes both matters covered by the Act and matters specifically excluded from coverage, any award made will include only fees and expenses related to the covered issues.

[46 FR 63021, Dec. 29, 1981, as amended at 48 FR 43322, Sept. 23, 1983]

§ 16.105 Eligibility of applicants.

(a) To be eligible for an award of attorney fees and other expenses under the Act, the applicant must be a party, as that term is defined in 5 U.S.C. 551(3), to an adversary adjudication for which it seeks an award; the applicant must prevail; and must meet all the conditions of eligibility set out in this subpart and Subpart B.

(b) To be eligible for an award, the applicant must be:

(1) An individual with a net worth of not more than $1 million;

(2) The sole owner of an unincorporated business which has a net worth of not more than $5 million, including both personal and business interests, and not more than 500 employees;

(3) A charitable or other tax exempt organization described in section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)) with not more than 500 employees;

(4) A cooperative association as defined in section 15(a) of the Agricultural Marketing Act (12 U.S.C. 1141j(a)) with not more than 500 employees;

(5) Any other partnership, corporation, association or public or private organization with a net worth of not more than $5 million and not more than 500 employees. A unit of state or local government is not a public organization within the meaning of this provision.

(c) For purposes of eligibility, the net worth and number of employees of an applicant shall be determined as of the date the proceeding was initiated.

(d) An applicant who owns an unincorporated business will be considered as an "individual" rather than a "sole owner of an unincorporated business" if the issues on which the applicant prevails are related primarily to personal interests rather than to business interests.

(e) The employees of an applicant include all persons who perform services for remuneration for the applicant, under the applicant's direction and control. Part-time employees shall be included.

(f) The net worth and number of employees of the applicant and all of its affiliates shall be aggregated to determine eligibility. Any individual, corporation or other entity that directly or indirectly controls or owns a majority of the voting shares of another business, or controls, *in any manner*, the election of a majority of that business' board of directors, trustees or other persons exercising similar functions, shall be considered an affiliate for purposes of this part, unless the adjudicative officer determines that such treatment would be unjust and contrary to the purposes of the Act in light of the actual relationship between the affiliated entities. In addition, the adjudicative officer may determine that financial relationships of the applicant other than those described in this paragraph constitute special circumstances that would make an award unjust.

(g) An applicant that participates in a proceeding primarily on behalf of one or more other persons or entities that would be ineligible is not itself eligible for an award.

§ 16.106 Standards for awards.

(a) A prevailing applicant may receive an award for fees and expenses incurred in connection with a proceeding, or in a significant and discrete substantive portion of the proceeding, unless the position of the Department as a party over which the applicant has prevailed was substantially justified or if special circumstances make the award sought unjust. No presumption arises that the Department's position was not substantially justified simply because the Department did not prevail.

(b) An award will be reduced or denied if the applicant has unduly or unreasonably protracted the proceeding.

§ 16.107 Allowable fees and expenses.

(a) The following fees and other expenses are allowable under the Act:

(1) Reasonable expenses of expert witnesses;

(2) Reasonable cost of any study, analysis, engineering report, test, or project necessary for the preparation of the party's case;

(3) Reasonable attorney or agent fees;

(b) Awards will be based on the prevailing market rates for the kind and quality of services furnished not to exceed the rates set forth in paragraph (c) of this section.

(c) No award under these rules for the fee of an attorney or agent may exceed $75.00 per hour. No award to compensate an expert witness may exceed $24.09 per hour.

(d) In determining the reasonableness of the fee sought, the adjudicative officer shall consider the following:

(1) The prevailing rate for similar services in the community in which the attorney, agent or witness ordinarily performs services;

(2) The time actually spent in the representation of the applicant;

(3) The difficulty or complexity of the issues in the proceeding;

(4) Such other factors as may bear on the value of the services performed.

§ 16.108 Awards against other agencies.

If an applicant is entitled to an award because it prevails over another agency of the United States that participates in a proceeding before the Department of Labor and the other agency takes a position that is not substantially justified, the award or an appropriate portion of the award shall be made against that agency by the adjudicative officer for the Department of Labor.

Subpart B—Information Required From Applicants

§ 16.201 Contents of application.

(a) An application for an award of fees and expenses under the Act shall identify the applicant and the proceeding for which an award is sought. The application shall show that the applicant has prevailed and identify the position of an agency or agencies in the proceeding that the applicant alleges was not substantially justified. Unless the applicant is an individual, the application shall also state the number of employees of the applicant at the time the proceeding was instituted and describe briefly the type and purpose of its organization or business.

(b) The application shall also include a statement that the applicant's net worth at the time the formal proceedings were instituted did not exceed $1 million (if an individual) or $5 million (for all other applicants, including their affiliates). However, an applicant may omit this statement if:

(1) It attaches a copy of a ruling by the Internal Revenue Service that it qualifies as an organization described in section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)) or, in the case of a tax-exempt organization not required to obtain a ruling from the Internal Revenue Service on its exempt status, a statement that describes the basis for the applicant's belief that it qualifies under such section; or

(2) It states that it is a cooperative association as defined in section 15(a) of the Agricultural Marketing Act (12 U.S.C. 1141j(a)).

(c) If the applicant is a partnership, corporation, association, or organization, or a sole owner of an unincorporated business, the application shall certify that it did not have more than 500 employees at the time the formal proceedings were initiated, giving the number of its employees and describing briefly the type and purpose of its organization or business.

(d) The application shall state the amount of fees and expenses for which an award is sought.

(e) The application may also include any other matters that the applicant wishes the adjudicative officer to consider in determining whether and in what amount an award should be made.

(f) The application shall be signed by the applicant with respect to the eligibility of the applicant and by the attorney of the applicant with respect to fees and expenses sought. It shall also contain or be accompanied by a written verification under oath or under penalty of perjury that the information provided in the application is true and correct.

(The recordkeeping and reporting requirements contained in this section were approved by the Office of Management and Budget under OMB control number 1225-0013.)

[46 FR 63021, Dec. 29, 1981, as amended at 47 FR 14696, Apr. 6, 1982]

§ 16.202 Net worth exhibit.

(a) Each applicant except a qualified tax-exempt organization or cooperative association must provide with its application a detailed exhibit showing the net worth of the applicant and any affiliates (as defined in § 16.105(f) of this part) as of the date when the proceeding was initiated, i.e. the date the complaint was filed. The exhibit may be in any form convenient to the applicant that provides full disclosure of the applicant's and its affiliates' assets and liabilities and is sufficient to determine whether the applicant qualifies under the standards in this part. The adjudicative officer may require an applicant to file additional information to determine its eligibility for an award.

(b) The net worth exhibit shall be included in the public record of the proceeding in which an award is sought.

(The recordkeeping and reporting requirements contained in this section were approved by the Office of Management and Budget under OMB control number 1225-0013.)

[46 FR 63021, Dec. 29, 1981, as amended at 47 FR 14696, Apr. 6, 1982]

§ 16.203 Documentation of fees and expenses.

(a) The application shall be accompanied by full documentation of the fees and expenses, including the cost of any study, analysis, engineering report, test, project or similar matter, for which an award is sought.

(b) The document shall include an affidavit from each professional firm or individual whose services are covered by the application, showing the hours spent in connection with the proceeding by each individual, a description of the specific services performed, the rate at which each fee has been computed, any expenses for which reimbursement is sought, the total amount claimed, and the total amount paid or payable by the applicant or by any other person or entity for the services provided.

(1) The affidavit shall itemize in detail the services performed by the date, number of hours per date and the services performed during those hours. In order to establish the hourly rate, the affidavit shall state the hourly rate which is billed and paid by the majority of clients during the relevant time periods.

(2) If no hourly rate is paid by the majority of clients because, for instance, the attorney or agent represents most clients on a contingency basis, the attorney or agent shall provide affidavits from two attorneys or agents with similar experience, who perform similar work, stating the hourly rate which they bill and are paid by the majority of their clients during a comparable time period.

(c) The documentation shall also include a description of any expenses for which reimbursement is sought and a statement of the amounts paid and payable by the applicant or by any other person or entity for the services provided.

(d) The adjudicative officer may require the applicant to provide vouchers, receipts, or other substantiation for any expenses claimed.

(The recordkeeping and reporting requirements contained in this section were approved by the Office of Management and Budget under OMB control number 1225-0013.)

[46 FR 63021, Dec. 29, 1981, as amended at 47 FR 14696, Apr. 6, 1982]

§ 16.204 When an application may be filed.

(a) An application may be filed whenever the applicant has prevailed in the proceeding or in a significant and discrete substantive portion of the proceeding, but in no case later than 30 days after the agency's final disposition of the proceeding.

(b) If review or reconsideration is sought or taken of a decision as to which an applicant believes it has prevailed, matters related to the consideration of an award of fees and expenses shall be stayed pending final disposition of the underlying controversy.

(c) For purposes of this rule final disposition means the later of: (1) The date on which an initial decision or other recommended disposition of the merits of the proceeding by an adjudicative officer or intermediate review board becomes administratively final; (2) issuance of an order disposing of any petitions for reconsideration of this agency's final order in the proceeding; (3) if no petition for reconsideration is filed, the last date on which such a petition could have been filed; or (4) issuance of a final order or any other final resolution of a proceeding, such as a settlement or voluntary dismissal, which is not subject to a petition for reconsideration, or, in the case of an abatement, the end of the abatement period or the date on which an order is issued terminating the abatement period.

(The recordkeeping and reporting requirements contained in this section were approved by the Office of Management and Budget under OMB control number 1225-0013.)

[46 FR 63021, Dec. 29, 1981, as amended at 47 FR 14696, Apr. 6, 1982]

Subpart C—Procedures for Considering Applications

§ 16.301 Filing and service of documents.

Any application for an award or other pleading or document related to an application shall be filed with the adjudicative officer and served on all parties to the proceeding in the same manner as other pleadings in the proceeding.

§ 16.302 Answer to application.

(a) Within 30 days after service of an application, counsel representing the agency against which an award is sought may file an answer to the application. Unless agency counsel requests an extension of time for filing or files a statement of intent to negotiate under paragraph (b) of this section, failure to file an answer within the 30 day period may be treated as a consent to the award requested.

(b) If agency counsel and the applicant believe that the issues in the fee application can be settled, they may jointly file a statement of their intent to negotiate a settlement. The filing of this statement shall extend the time for filing an answer for an additional 30 days, and further extensions may be granted by the adjudicative officer upon request by agency counsel and the applicant.

(c) The answer shall explain in detail any objections to the award requested and identify the facts relied on in support of agency counsel's position. If the answer is based on any alleged facts not already in the record of the proceeding, agency counsel shall include with the answer either supporting affidavits or a request for further proceedings under § 16.304.

§ 16.303 Settlement.

The applicant and agency counsel may agree on a proposed settlement of the award before final action on the application, either in connection with a settlement of the underlying proceeding, or after the underlying proceeding has been concluded, in accordance with the agency's standard settlement procedure. If a prevailing party and agency counsel agree on a proposed settlement of an award before an application has been filed, the application shall be filed with the proposed settlement.

§ 16.304 Further proceedings.

(a) Ordinarily, the determination of an award will be made on the basis of the written record. However, on request of either the applicant or agency counsel, or on his or her own initiative, the adjudicative officer may order further proceedings, such as an informal conference, oral argument, additional written submissions or an evidentiary hearing. Such further proceedings shall be held only when necessary for full and fair resolution of the issues arising from the application, and shall be conducted as promptly as possible.

(b) A request that the adjudicative officer order further proceedings under this section shall specifically identify the information sought or the disputed issues and shall explain why the additional proceedings are necessary to resolve the issues.

§ 16.305 Decision.

The adjudicative officer shall issue a recommended decision on the application which shall include written findings and conclusions on the applicant's eligibility and status as a prevailing party, and an explanation of the reasons for any difference between the amount requested and the amount awarded. The decisions shall also include, if at issue, findings on whether the agency's position was substantially justified, whether the applicant unduly protracted the proceedings, or whether special circumstances make an award unjust. If the applicant has sought an award against more than one agency, the decision shall allocate responsibility for payment of any award made among the agencies, and shall explain the reasons for the allocation made.

§ 16.306 Review by the Secretary.

The Secretary, for purposes of this subsection, means the Secretary of Labor or a person, board or other organizational unit authorized to perform the review function. Either the applicant or agency counsel may seek review of the recommended decision on the fee application, or the Secretary may decide to review the decision on his or her own initiative, in accordance with the Department of Labor's regular review procedures. If neither the applicant nor agency counsel seeks review and the Secretary does not take review on his or her own initiative, the adjudicative officer's decision on the application shall become a final decision of the Department 45 days after it is issued. If review is taken, the Secretary will issue a final decision on the application or remand the application to the adjudicative officer for further proceedings.

§ 16.307 Judicial review.

Judicial review of final agency decisions on awards may be sought as provided in 5 U.S.C. 504(c)(2).

§ 16.308 Payment of award.

An applicant seeking payment of an award shall submit to the Comptroller for the Department of Labor a copy of the final decision granting the award, accompanied by a statement that the applicant will not seek review of the decision in the United States courts. The request for payment shall be addressed to: Comptroller, U.S. Department of Labor, Frances S. Perkins Building, 200 Constitution Avenue, NW., Washington, D.C. 20210.

PART 17—INTERGOVERNMENTAL REVIEW OF DEPARTMENT OF LABOR PROGRAMS AND ACTIVITIES

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AUTHORITY: E.O. 12372, July 14, 1982 (47 FR 30959), as amended April 8, 1983 (48 FR 15887): sec. 401 of the Intergovernmental Cooperation Act of 1968, as amended (31 U.S.C. 6506).

SOURCE: 48 FR 29258, June 24, 1983, unless otherwise noted.

§ 17.1 What is the purpose of these regulations?

(a) The regulations in this part implement E.O. 12372, "Intergovernmental Review of Federal Programs," issued July 14, 1982 and amended on April 8, 1983. These regulations also implement applicable provisions of section 401 of the Intergovernmental Cooperation Act of 1968.

(b) These regulations are intended to foster an intergovernmental partnership and a strengthened Federalism by relying on state processes and on state, areawide, regional and local coordination for review of proposed Federal financial assistance and direct Federal development.

(c) These regulations are intended to aid the internal management of the Department, and are not intended to create any right or benefit enforceable at law by a party against the Department or its officers.

§ 17.2 What definitions apply to these regulations?

"Department" means the U.S. Department of Labor.

"Order" means E.O. 12372, issued July 14, 1982, and amended April 8, 1983 and titled "Intergovernmental Review of Federal Programs."

"Secretary" means the Secretary of the U.S. Department of Labor or an official or employee of the Department acting for the Secretary under a delegation of authority.

"State" means any of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, the U.S. Virgin Islands, or the Trust Territory of the Pacific Islands.

§ 17.3 What programs and activities of the Department are subject to these regulations?

The Secretary publishes in the FEDERAL REGISTER a list of the Department's programs and activities that are subject to these regulations.

§ 17.4 What are the Secretary's general responsibilities under the Order?

(a) The Secretary provides opportunities for consultation by elected officials of those state and local governments that would provide the non-Federal funds for, or that would be directly affected by, proposed Federal financial assistance from, or direct Federal development by, the Department.

(b) If a state adopts a process under the Order to review and coordinate proposed Federal financial assistance and direct Federal development, the Secretary, to the extent permitted by law:

(1) Uses the state process to determine official views of state and local elected officials;

(2) Communicates with state and local elected officials as early in a program planning cycle as is reasonably feasible to explain specific plans and actions;

(3) Makes efforts to accommodate state and local elected officials' concerns with proposed Federal financial assistance and direct Federal development that are communicated through the state process;

(4) Allows the states to simplify and consolidate existing federally required state plan submissions;

(5) Where state planning and budgeting systems are sufficient and where permitted by law, encourages the substitution of state plans for federally required state plans;

(6) Seeks the coordination of views of affected state and local elected officials in one state with those of another state when proposed Federal financial assistance or direct Federal development has an impact on interstate metropolitan urban centers or other interstate areas; and

(7) Supports state and local governments by discouraging the reauthorization or creation of any planning organization which is federally-funded, which has a limited purpose, and which is not adequately representative of, or accountable to, state or local elected officials.

§ 17.5 What is the Secretary's obligation with respect to Federal interagency coordination?

The Secretary, to the extent practicable, consults with and seeks advice from all other substantially affected Federal departments and agencies in an effort to assure full coordination between such agencies and the Department regarding programs and activities covered under these regulations.

§ 17.6 What procedures apply to the selection of programs and activities under these regulations?

(a) A state may select any program or activity published in the FEDERAL REGISTER in accordance with § 17.3 of this part for intergovernmental review under these regulations. Each state, before selecting programs and activities shall consult with local elected officials.

(b) Each state that adopts a process shall notify the Secretary of the Department's programs and activities selected for that process.

(c) A state may notify the Secretary of changes in its selections at any time. For each change, the state shall submit to the Secretary an assurance that the state has consulted with elected local officials regarding the change. The Department may establish deadlines by which states are required to inform the Secretary of changes in their program selections.

(d) The Secretary uses a state's process as soon as feasible, depending on individual programs and activities, after the Secretary is notified of its selections.

§ 17.7 How does the Secretary communicate with state and local officials concerning the Department's programs and activities?

(a) For those programs and activities covered by a state process under § 17.6, the Secretary, to the extent permitted by law:

(1) Uses the official state process to determine views of state and local elected officials; and,

(2) Communicates with state and local elected officials, through the official state process, as early in a program planning cycle as is reasonably feasible to explain specific plans and actions.

(b) The Secretary provides notice to directly affected state, areawide, regional, and local entities in a state of proposed Federal financial assistance if:

(1) The state has not adopted a process under the Order; or

(2) The assistance involves a program or activity not selected for the state process.

This notice may be made by publication in the FEDERAL REGISTER or other appropriate means, which the Department in its discretion deems appropriate.

§ 17.8 How does the Secretary provide states an opportunity to comment on proposal Federal financial assistance?

(a) Except in unusual circumstances, the Secretary gives state processes or directly affected state, areawide, regional and local officials and entities:

(1) At least 30 days from the date established by the Secretary to comment on proposed Federal financial assistance in the form of noncompeting continuation awards; and

(2) At least 60 days from the date established by the Secretary to comment on proposed Federal financial assistance other than noncompeting continuation awards.

(b) This section also applies to comments in cases in which the review, coordination, and communication with the Department have been delegated.

§ 17.9 How does the Secretary receive and respond to comments?

(a) The Secretary follows the procedures in § 17.10 if:

(1) A state office or official is designated to act as a single point of contact between a state process and all Federal agencies, and

(2) That office or official transmits a state process recommendation for a program selected under § 17.6.

(b)(1) The single point of contact is not obligated to transmit comments from state, areawide, regional or local officials and entities where there is no state process recommendation.

(2) If a state process recommendation is transmitted by a single point of contact, all comments from state, areawide, regional, and local officials and entities that differ from it must also be transmitted.

(c) If a state has not established a process, or is unable to submit a state process recommendation, state, areawide, regional and local officials and entities may submit comments to the Department.

(d) If a program or activity is not selected for a state process, state, areawide, regional and local officials and entities may submit comments to the Department. In addition, if a state process recommendation for a nonselected program or activity is transmitted to the Department by the single point of contact, the Secretary follows the procedures of § 17.10 of this part.

(e) The Secretary considers comments which do not constitute a state process recommendation submitted under these regulations and for which the Secretary is not required to apply the procedures of § 17.10 of this part, when such comments are provided by a single point of contact, or directly to the Department by a commenting party.

§ 17.10 How does the Secretary make efforts to accommodate intergovernmental concerns?

(a) If a state process provides a state process recommendation to the Department through its single point of contact, the Secretary either—

(1) Accepts the recommendation;

(2) Reaches a mutually agreeable solution with the state process; or

(3) Provides the single point of contact with such written explanation of the decision, as the Secretary in his or her discretion deems appropriate. The Secretary may also supplement the written explanation by providing the explanation to the single point of contact by telephone, other telecommunication, or other means.

(b) In any explanation under paragraph (a)(3) of this section, the Secretary informs the single point of contact that:

(1) The Department will not implement its decision for at least ten days after the single point of contact receives the explanation; or

(2) The Secretary has reviewed the decision and determined that, because of unusual circumstances, the waiting period of at least ten days is not feasible.

(c) For purposes of computing the waiting period under paragraph (b)(1) of this section, a single point of contact is presumed to have received written notification 5 days after the date of mailing of such notification.

§ 17.11 What are the Secretary's obligations in interstate situations?

(a) The Secretary is responsible for:

(1) Identifying proposed Federal financial assistance that have an impact on interstate areas;

(2) Notifying appropriate officials and entities in states which have adopted a process and which select the Department's program or activity.

(3) Making efforts to identify and notify the affected state, areawide, regional, and local officials and entities in those states that have not adopted a process under the Order or do not select the Department's program or activity;

(4) Responding pursuant to § 17.10 of this part if the Secretary receives a recommendation from a designated areawide agency transmitted by a single point of contact, in cases in which the review, coordination, and

communication with the Department have been delegated.

(b) The Secretary uses the procedures in § 17.10 if a state process provides a state process recommendation to the Department through a single point of contact.

§ 17.12 How may a state simplify, consolidate, or substitute federally required state plans?

(a) As used in this section:

(1) "Simplify" means that a state may develop its own format, choose its own submission date, and select the planning period for a state plan.

(2) "Consolidate" means that a state may meet statutory and regulatory requirements by combining two or more plans into one document and that the state can select the format, submission date, and planning period for the consolidated plan.

(3) "Substitute" means that a state may use a plan or other document that it has developed for its own purposes to meet Federal requirements.

(b) If not consistent with law, a state may decide to try to simplify, consolidate, or substitute federally required state plans without prior approval by the Secretary.

(c) The Secretary reviews each state plan that a state has simplified, consolidated, or substituted and accepts the plan only if its contents meet Federal requirements.

§ 17.13 May the Secretary waive any provision of these regulations?

In an emergency, the Secretary may waive any provision of these regulations.

PART 18—RULES OF PRACTICE AND PROCEDURE FOR ADMINISTRATIVE HEARINGS BEFORE THE OFFICE OF ADMINISTRATIVE LAW JUDGES

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AUTHORITY: 5 U.S.C. 301; 5 U.S.C. 551-553.

SOURCE: 48 FR 32538, July 15, 1983, unless otherwise noted.

§ 18.1 Scope of rules.

(a) *General application.* These rules of practice are generally applicable to adjudicatory proceedings before the Office of Administrative Law Judges, United States Department of Labor. Such proceedings shall be conducted expeditiously and the parties shall make every effort at each stage of a proceeding to avoid delay. To the extent that these rules may be inconsistent with a rule of special application as provided by statute, executive order, or regulation, the latter is controlling. The Rules of Civil Procedure for the District Courts of the United States shall be applied in any situation not provided for or controlled by these rules, or by any statute, executive order or regulation.

(b) *Waiver, modification, or suspension.* Upon notice to all parties, the administrative law judge may, with respect to matters pending before him or her, modify or waive any rule herein upon a determination that no party will be prejudiced and that the ends of justice will be served thereby. These rules may, from time to time, be suspended, modified or revoked in whole or part.

§ 18.2 Definitions.

For purposes of these rules:

(a) "Adjudicatory proceeding" means a judicial-type proceeding leading to the formulation of a final order;

(b) "Administrative law judge" means an administrative law judge appointed pursuant to the provisions of 5 U.S.C. 3105 (provisions of the rules in this part which refer to administrative law judges may be applicable to other Presiding Officers as well);

(c) "Administrative Procedure Act" means those provisions of the Administrative Procedure Act, as codified, which are contained in 5 U.S.C. 551 through 559;

(d) "Complaint" means any document initiating an adjudicatory proceeding, whether designated a complaint, appeal or an order for proceeding or otherwise;

(e) "Hearing" means that part of a proceeding which involves the submission of evidence, either by oral presentation or written submission;

(f) "Order" means the whole or any part of a final procedural or substantive disposition of a matter by the administrative law judge in a matter other than rulemaking;

(g) "Party" includes a person or agency named or admitted as a party to a proceeding;

(h) "Person" includes an individual, partnership, corporation, association, exchange or other entity or organization;

(i) "Pleading" means the complaint, the answer to the complaint, any supplement or amendment thereto, and any reply that may be permitted to any answer, supplement or amendment;

(j) "Respondent" means a party to an adjudicatory proceeding against whom findings may be made or who may be required to provide "relief or take remedial action;"

(k) "Secretary" means the Secretary of Labor and includes any administrator, commissioner, appellate body, board, or other official thereunder for purposes of appeal of recommended or final decisions of administrative law judges;

(l) "Complainant" means a person who is seeking relief from any act or omission in violation of a statute, executive order or regulation;

(m) The term "petition" means a written request, made by a person or party, for some affirmative action;

(n) The term "Consent Agreement" means any written document containing a specified proposed remedy or other relief acceptable to all parties;

(o) "Commencement of Proceeding" is the filing of a request for hearing, order of reference, or referral of a claim for hearing.

§ 18.3 Service and filing of documents.

(a) *Generally.* Copies of all documents shall be served on all parties of record. All documents should clearly designate the docket number, if any, and short title of the matter. If the matter involves a program administered by the Office of Workers' Compensation Programs (OWCP), the document should contain the OWCP number in addition to the docket number. All documents to be filed shall be delivered or mailed to the Chief Docket Clerk, Office of Administrative Law Judges, Suite 600, 1111 Twentieth Street, NW., Washington, D.C. 20036, or to the OALJ Regional Office to which the proceeding may have been transferred for hearing. Each document filed shall be clear and legible.

(b) *By parties.* All motions, petitions, pleadings, briefs, or other documents shall be filed with the Office of Administrative Law Judges with a copy, including any attachments, to all other parties of record. When a party is represented by an attorney, service shall be made upon the attorney. Service of any document upon any party may be made by personal delivery or by mailing a copy to the last known address. The person serving the document shall certify to the manner and date of service.

(c) *By the Office of Administrative Law Judges.* Service of notices, orders, decisions and all other documents, except complaints, shall be made by regular mail to the last known address.

(d) *Service of Complaints.* Service of complaints or charges in enforcement proceedings shall be made either: (1) By delivering a copy to the individual, partner, officer of a corporation, or attorney of record; (2) by leaving a copy at the principal office, place of business, or residence; (3) by mailing to the last known address of such individual, partner, officer or attorney. If done by certified mail, service is complete upon mailing. If done by regular mail, service is complete upon receipt by addressee.

(e) *Form of pleadings..* (1) Every pleading shall contain a caption setting forth the name of the agency under which the proceeding is instituted, the title of the proceeding, the docket number assigned by the Office of Administrative Law Judges, and a designation of the type of pleading or paper (e.g., complaint, motion to dismiss, etc.). The pleading or papers shall be signed and shall contain the address and telephone number of the party or person representing the party. Although there are no formal specifications for documents, they should be typewritten when possible on standards size (8½ x 11) paper legal size (8½ x 14) paper will not be accepted after July 31, 1983.

(2) Illegible documents, whether handwritten, typewritten, photocopied, or otherwise will not be accepted. Papers may be reproduced by any duplicating process, provided all copies are clear and legible.

§18.4 Time computations.

(a) *Generally.* In computing any period of time under these rules or in an order issued hereunder the time begins with the day following the act, event, or default, and includes the last day of the period, unless it is a Saturday, Sunday or legal holiday observed by the Federal Government in which case the time period includes the next business day. When the period of time prescribed is seven (7) days or less, intermediate Saturdays, Sundays, and holidays shall be excluded in the computation.

(b) *Date of entry of orders.* In computing any period of time involving the date of the entry of an order, the date of entry shall be the date the order is served by the Chief Docket Clerk.

(c) *Computation of time for delivery by mail.* (1) Documents are not deemed filed until received by the Chief Clerk at the Office of Administrative Law Judges. However, when documents are filed by mail, five (5) days shall be added to the prescribed period.

(2) Service of all documents other than complaints is deemed effected at the time of mailing.

(3) Whenever a party has the right or is required to take some action within a prescribed period after the service of a pleading, notice, or other document upon said party, and the pleading, notice or document is served upon said party by mail, five (5) days shall be added to the prescribed period.

§ 18.5 Responsive pleadings—answer and request for hearing.

(a) *Time for answer.* Within thirty (30) days after the service of a complaint, each respondent shall file an answer.

(b) *Default.* Failure of the respondent to file an answer within the time provided shall be deemed to constitute a waiver of his right to appear and contest the allegations of the complaint and to authorize the administrative law judge to find the facts as alleged in the complaint and to enter an initial or final decision containing such findings, appropriate conclusions, and order.

(c) *Signature required.* Every answer filed pursuant to these rules shall be signed by the party filing it or by at least one attorney, in his or her individual name, representing such party. The signature constitutes a certificate by the signer that he or she has read the answer; that to the best of his or her knowledge, information and belief there is good ground to support it; and that it is not interposed for delay.

(d) *Content of answer.* (1) Orders to show cause. Any person to whom an order to show cause has been directed and served shall respond to the same by filing an answer in writing. Arguments opposing the proposed sanction should be supported by reference to specific circumstances or facts surrounding the basis for the order to show cause.

(2) Complaints. Any respondent contesting any material fact alleged in a complaint, or contending that the amount of a proposed penalty or award is excessive or inappropriate or contending that he or she is entitled to judgment as a matter of law, shall file an answer in writing. An answer shall include:

(i) A statement that the respondent admits, denies, or does not have and is unable to obtain sufficient information to admit or deny each allegation; a statement of lack of information shall have the effect of a denial; any allegation not expressly denied shall be deemed to be admitted;

(ii) A statement of the facts supporting each affirmative defense.

(e) *Amendments and supplemental pleadings.* If and whenever determination of a controversy on the merits will be facilitated thereby, the administrative law judge may, upon such conditions as are necessary to avoid prejudicing the public interest and the rights of the parties, allow appropriate amendments to complaints, answers, or other pleadings; provided, however, that a complaint may be amended once as a matter of right prior to the answer, and thereafter if the administrative law judge determines that the amendment is reasonably within the scope of the original complaint. When issues not raised by the pleadings are reasonably within the scope of the original complaint and are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings, and such amendments may be made as necessary to make them conform to the evidence. The administrative law judge may, upon reasonable notice and such terms as are just, permit supplemental pleadings setting forth transactions, occurrences or events which have happened since the date of the pleadings and which are relevant to any of the issues involved.

§ 18.6 Motions and requests.

(a) *Generally.* Any application for an order or any other request shall be made by motion which, unless made during a hearing or trial, shall be made in writing unless good cause is established to preclude such submission, shall state with particularity the grounds therefor, and shall set forth the relief or order sought. Motions or requests made during the course of any hearing or appearance before an administrative law judge shall be stated orally and made part of the transcript. Whether made orally or in writing, all parties shall be given reasonable opportunity to state an objection to the motion or request.

(b) *Answers to motions.* Within ten (10) days after a motion is served, or within such other period as the administrative law judge may fix, any party to the proceeding may file an answer in support or in opposition to the motion, accompanied by such affidavits or other evidence as he or she desires to rely upon. Unless the administrative law judge provides otherwise, no reply to an answer, response to a reply, or any further responsive document shall be filed.

(c) *Oral arguments or briefs.* No oral argument will be heard on motions unless the administrative law judge otherwise directs. Written memoranda or briefs may be filed with motions or answers to motions, stating the points and authorities relied upon in support of the position taken.

(d) *Motion for order compelling answer: sanctions.* (1) A party who has requested admissions or who has served interrogatories may move to determine the sufficiency of the answers or objections thereto. Unless the objecting party sustains his or her burden of showing that the objection is justified, the administrative law judge shall order that an answer be served. If the administrative law judge determines that an answer does not comply with the requirements of these rules, he or she may order either that the matter is admitted or that an amended answer be served.

(2) If a party or an officer or agent of a party fails to comply with a subpoena or with an order, including, but not limited to, an order for the taking of a deposition, the production of documents, or the answering of interrogatories, or requests for admissions, or any other order of the administrative law judge, the administrative law judge, for the purpose of permitting resolution of the relevant issues and disposition of the proceeding without unnecessary delay despite such failure, may take such action in regard thereto as is just, including but not limited to the following:

(i) Infer that the admission, testimony, documents or other evidence would have been adverse to the non-complying party;

(ii) Rule that for the purposes of the proceeding the matter or matters concerning which the order or subpoena was issued be taken as established adversely to the non-complying party;

(iii) Rule that the non-complying party may not introduce into evidence or otherwise rely upon testimony by such party, officer or agent, or the documents or other evidence, in support of or in opposition to any claim or defense;

(iv) Rule that the non-complying party may not be heard to object to introduction and use of secondary evidence to show what the withheld admission, testimony, documents, or other evidence should have shown.

(v) Rule that a pleading, or part of a pleading, or a motion or other submission by the non-complying party, concerning which the order or subpoena was issued, be stricken, or that a decision of the proceeding be rendered against the non-complying party, or both.

§ 18.7 Prehearing statements.

(a) At any time prior to the commencement of the hearing, the administrative law judge may order any party to file a prehearing statement of position.

(b) A prehearing statement shall state the name of the party or parties on whose behalf it is presented and shall briefly set forth the following matters, unless otherwise ordered by the administrative law judge:

(1) Issues involved in the proceeding;

(2) Facts stipulated pursuant to the procedures together with a statement that the party or parties have communicated or conferred in a good faith effort to reach stipulation to the fullest extent possible;

(3) Facts in dispute;

(4) Witnesses, except to the extent that disclosure would be privileged, and exhibits by which disputed facts will be litigated;

(5) A brief statement of applicable law;

(6) The conclusion to be drawn;

(7) Suggested time and location of hearing and estimated time required for presentation of the party's or parties' case;

(8) Any appropriate comments, suggestions or information which might assist the parties in preparing for the hearing or otherwise aid in the disposition of the proceeding.

§ 18.8 Prehearing conferences.

(a) *Purpose and Scope.* (1) Upon motion of a party or upon the administrative law judge's own motion, the judge may direct the parties or their counsel to participate in a conference at any reasonable time, prior to or during the course of the hearing, when the administrative law judge finds that the proceeding would be expedited by a prehearing conference. Such conferences normally shall be conducted by conference telephonic communication unless, in the opinion of the administrative law judge, such method would be impractical, or when such conferences can be conducted in a more expeditious or effective manner by correspondence or personal appearance. Reasonable notice of the time, place and manner of the conference shall be given.

(2) At the conference, the following matters shall be considered:

(i) The simplification of issues;

(ii) The necessity of amendments to pleadings;

(iii) The possibility of obtaining stipulations of facts and of the authenticity, accuracy, and admissibility of documents, which will avoid unnecessary proof;

(iv) The limitation of the number of expert or other witnesses;

(v) Negotiation, compromise, or settlement of issues;

(vi) The exchange of copies of proposed exhibits;

(vii) The identification of documents or matters of which official notice may be requested;

(viii) A schedule to be followed by the parties for completion of the actions decided at the conference; and

(ix) Such other matters as may expedite and aid in the disposition of the proceeding.

(b) *Reporting.* A prehearing conference will be stenographically reported, unless otherwise directed by the administrative law judge.

(c) *Order.* Actions taken as a result of a conference shall be reduced to a written order, unless the administrative law judge concludes that a stenographic report shall suffice, or, if the conference takes place within 7 days of the beginning of the hearing, the administrative law judge elects to make a statement on the record at the hearing summarizing the actions taken.

§ 18.9 Consent order or settlement.

(a) *Generally.* At any time after the commencement of a proceeding, the parties jointly may move to defer the hearing for a reasonable time to permit negotiation of a settlement or an agreement containing findings and an order disposing of the whole or any part of the proceeding. The allowance of such deferment and the duration thereof shall be in the discretion of the administrative law judge, after consideration of such factors as the nature of the proceeding, the requirements of the public interest, the representations of the parties and the probability of reaching an agreement which will result in a just disposition of the issues involved.

(b) *Content.* Any agreement containing consent findings and an order disposing of a proceeding or any part thereof shall also provide:

(1) That the order shall have the same force and effect as an order made after full hearing;

(2) That the entire record on which any order may be based shall consist solely of the complaint, order of reference or notice of administrative determination (or amended notice, if one if filed), as appropriate, and the agreement;

(3) A waiver of any further procedural steps before the administrative law judge; and

(4) A waiver of any right to challenge or contest the validity of the order entered into in accordance with the agreement.

(c) *Submission.* On or before the expiration of the time granted for negotiations, the parties or their authorized representative or their counsel may:

(1) Submit the proposed agreement containing consent findings and an order for consideration by the administrative law judge, or

(2) Notify the administrative law judge that the parties have reached a full settlement and have agreed to dismissal of the action, or

(3) Inform the administrative law judge that agreement cannot be reached.

(d) *Disposition.* In the event an agreement containing consent findings and an order is submitted within the time allowed therefor, the administrative law judge, within thirty (30) days thereafter, shall, if satisfied with its form and substance, accept such agreement by issuing a decision based upon the agreed findings.

§ 18.10 Parties, how designated.

(a) The term "party" whenever used in these rules shall include any natural person, corporation, association, firm, partnership, trustee, receiver, agency, public or private organization, or governmental agency. A party who seeks relief or other affirmative action shall be designated as "plaintiff," "complainant" or "claimant," as appropriate. A party against whom relief or other affirmative action is sought in any proceeding shall be designated as a "defendant" or "respondent," as appropriate. When a party to the proceeding, the Department of Labor shall be either a party or party-in-interest.

(b) Other persons or organizations shall have the right to participate as parties if the administrative law judge determines that the final decision could directly and adversely affect them or the class they represent, and if they may contribute materially to the disposition of the proceedings and their interest is not adequately represented by existing parties.

(c) A person or organization wishing to participate as a party under this section shall submit a petition to the administrative law judge within fifteen (15) days after the person or organization has knowledge of or should have known about the proceeding. The petition shall be filed with the administrative law judge and served on each person or organization who has been made a party at the time of filing. Such petition shall concisely state: (1) Petitioner's interest in the proceeding, (2) how his or her participation as a party will contribute materially to the disposition of the proceeding, (3) who will appear for petitioner, (4) the issues on which petitioner wishes to participate, and (5) whether petitioner intends to present witnesses.

(d) If objections to the petition are filed, the administrative law judge shall then determine whether petitioners have the requisite interest to be a party in the proceedings, as defined in paragraphs (a) and (b) of this section, and shall permit or deny participation accordingly. Where petitions to participate as parties are made by individuals or groups with common interests, the administrative law judge may request all such petitioners to designate a single representative, or he or she may recognize one or more of such petitioners. The administrative law judge shall give each such petitioner written notice of the decision on his or her petition. If the petition is denied, he or she shall briefly state the grounds for denial and shall then treat the petition as a request for participation as amicus curiae. The administrative law judge shall give written notice to each party of each petition granted.

§18.11 Consolidation of hearings.

When two or more hearings are to be held, and the same or substantially similar evidence is relevant and material to the matters at issue at each such hearing, the Chief Administrative Law Judge or the administrative law judge assigned may, upon motion by any party or on his or her own motion, order that a consolidated hearing be conducted. Where consolidated hearings are held, a single record of the proceedings may be made and the evidence introduced in one matter may be considered as introduced in the others, and a separate or joint decision shall be made, at the discretion of the administrative law judge as appropriate.

§18.12 Amicus curiae.

A brief of an amicus curiae may be filed only with the written consent of all parties, or by leave of the administrative law judge granted upon motion, or on the request of the administrative law judge, except that consent or leave shall not be required when the brief is presented by an officer of an agency of the United States, or by a state, territory or commonwealth. The amicus curiae shall not participate in any way in the conduct of the hearing, including the presentation of evidence and the examination of witnesses.

§ 18.13 Discovery methods.

Parties may obtain discovery by one or more of the following methods: Depositions upon oral examination or written questions; written interrogatories; production of documents or other evidence for inspection and other purposes; and requests for admission. Unless the administrative law judge orders otherwise, the frequency or sequence of these methods is not limited.

§ 18.14 Scope of discovery.

(a) Unless otherwise limited by order of the administrative law judge in accordance with these rules, the parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the proceeding, including the existence, description, nature, custody, condition, and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of any discoverable matter.

(b) It is not ground for objection that information sought will not be admissible at the hearing if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.

(c) A party may obtain discovery of documents and tangible things otherwise discoverable under paragraph (a) of this section and prepared in anticipation of or for the hearing by or for another party's representative (including his or her attorney, consultant, surety, indemnitor, insurer, or agent) only upon a showing that the party seeking discovery has substantial need of the materials in the preparation of his or her case and that he or she is unable without undue hardship to obtain the substantial equivalent of the materials by other means. In ordering discovery of such materials when the required showing has been made, the administrative law judge shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the proceeding.

§ 18.15 Protective orders.

(a) Upon motion by a party or the person from whom discovery is sought, and for good cause shown, the administrative law judge may make any order which justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense, including one or more of the following:

(1) The discovery not be had;

(2) The discovery may be had only on specified terms and conditions, including a designation of the time or place;

(3) The discovery may be had only by a method of discovery other than that selected by the party seeking discovery;

(4) Certain matters not relevant may not be inquired into, or that the scope of discovery be limited to certain matters;

(5) Discovery be conducted with no one present except persons designated by the administrative law judge; or

(6) A trade secret or other confidential research, development or commercial information may not be disclosed or be disclosed only in a designated way.

§ 18.16 Supplementation of responses.

A party who has responded to a request for discovery with a response that was complete when made is under no duty to supplement his response to include information thereafter acquired, except as follows:

(a) A party is under a duty to supplement timely his response with respect to any question directly addressed to:

(1) The identity and location of persons having knowledge of discoverable matters; and

(2) The identity of each person expected to be called as an expert witness at the hearing, the subject matter on which he or she is expected to testify and the substance of his or her testimony.

(b) A party is under a duty to amend timely a prior response if he or she later obtains information upon the basis of which:

(1) He or she knows the response was incorrect when made; or

(2) He or she knows that the response though correct when made is no longer true and the circumstances are such that a failure to amend the response is in substance a knowing concealment.

(c) A duty to supplement responses may be imposed by order of the administrative law judge or agreement of the parties.

§ 18.17 Stipulations regarding discovery.

Unless otherwise ordered, a written stipulation entered into by all the parties and filed with the Chief Administrative Law Judge or the administrative law judge assigned may: (a) Provide that depositions be taken before any person, at any time or place, upon sufficient notice, and in any manner and when so taken may be used like other depositions, and (b) modify the procedures provided by these rules for other methods of discovery.

§ 18.18 Written interrogatories to parties.

(a) Any party may serve upon any other party written interrogatories to be answered in writing by the party served, or if the party served is a public or private corporation or a partnership or association or governmental agency, by any authorized officer or agent, who shall furnish such information as is available to the party. A copy of the interrogatories, answers, and all related pleadings shall be served on the administrative law judge and upon all parties to the proceeding.

(b) Each interrogatory shall be answered separately and fully in writing under oath or affirmation, unless it is objected to, in which event the reasons for objection shall be stated in lieu of an answer. The answers and objections shall be signed by the person making them. The party upon whom the interrogatories were served shall serve a copy of the answer and objections upon all parties to the proceeding within thirty (30) days after service of the interrogatories, or within such shorter or longer period as the administrative law judge may allow.

(c) An interrogatory otherwise proper is not necessarily objectionable merely because an answer to the interrogatory involves an opinion or contention that relates to fact or the application of law to fact, but the administrative law judge may order that such an interrogatory need not be answered until after designated discovery has been completed or until a prehearing conference or other later time.

§ 18.19 Production of documents and other evidence; entry upon land for inspection and other purposes; and physical and mental examination.

(a) Any party may serve on any other party a request to:

(1) Produce and permit the party making the request, or a person acting on his or her behalf, to inspect and copy any designated documents, or to inspect and copy, test, or sample any tangible things which are in the possession, custody, or control of the party upon whom the request is served; or

(2) Permit entry upon designated land or other property in the possession or control of the party upon whom the request is served for the purpose of inspection and measuring, photographing, testing, or for other purposes as stated in paragraph (a)(1) of this section.

(3) Submit to a physical or mental examination by a physician.

(b) The request may be served on any party without leave of the administrative law judge.

(c) The request shall:

(1) Set forth the items to be inspected either by individual item or by category;

(2) Describe each item or category with reasonable particularity;

(3) Specify a reasonable time, place, and manner of making the inspection and performing the related acts;

(4) Specify the time, place, manner, conditions, and scope of the physical or mental examination and the person or persons by whom it is to be made. A report of examining physician shall be made in accordance with Rule 35(b) of the Federal Rules of Civil Procedure, Title 28, U.S. Code, as amended.

(d) The party upon whom the request is served shall serve on the party submitting the request a written response within thirty (30) days after service of the request.

(e) The response shall state, with respect to each item or category:

(1) That inspection and related activities will be permitted as requested; or

(2) That objection is made in whole or in part, in which case the reasons for objection shall be stated.

(f) A copy of each request for production and each written response shall be served on all parties and filed with the Office of Administrative Law Judges.

§ 18.20 Admissions.

(a) A party may serve upon any other party a written request for the admission, for purposes of the pending action only, of the genuineness and authenticity of any relevant document described in or attached to the request, or for the admission of the truth of any specified relevant matter of fact.

(b) Each matter of which an admission is requested is admitted unless, within thirty (30) days after service of the request or such shorter or longer time as the administrative law judge may allow, the party to whom the request is directed serves on the requesting party:

(1) A written statement denying specifically the relevant matters of which an admission is requested;

(2) A written statement setting forth in detail the reasons why he or she can neither truthfully admit nor deny them; or

(3) Written objections on the ground that some or all of the matters involved are privileged or irrelevant or that the request is otherwise improper in whole or in part.

(c) An answering party may not give lack of information or knowledge as a reason for failure to admit or deny unless the party states that he or she has made reasonable inquiry and that the information known or readily obtainable by him or her is insufficient to enable the party to admit or deny.

(d) The party who has requested the admissions may move to determine the sufficiency of the answers or objections. Unless the administrative law judge determines that an objection is justified, he or she shall order that an answer be served. If the administrative law judge determines that an answer does not comply with the requirements of this section, he or she may order either that the matter is admitted or that an amended answer be served. The administrative law judge may, in lieu of these orders, determine that final disposition of the request be made at a prehearing conference or at a designated time prior to hearing.

(e) Any matter admitted under this section is conclusively established unless the administrative law judge on motion permits withdrawal or amendment of the admission.

(f) Any admission made by a party under this section is for the purpose of the pending action only and is not an admission by him or her for any other purpose nor may it be used against him or her in any other proceeding.

(g) A copy of each request for admission and each written response shall be served on all parties and filed with the Office of Administrative Law Judges.

§ 18.21 Motion to compel discovery.

(a) If a deponent fails to answer a question propounded or a party upon whom a request is made pursuant to §§ 18.18 through 18.20, or a party upon whom interrogatories are served fails to respond adequately or objects to the request, or any part thereof, or fails to permit inspection as requested, the discovering party may move the administrative law judge for an order compelling a response or inspection in accordance with the request.

(b) The motion shall set forth:

(1) The nature of the questions or request;

(2) The response or objections of the party upon whom the request was served; and

(3) Arguments in support of the motion.

(c) For purposes of this section, an evasive answer or incomplete answer or response shall be treated as a failure to answer or respond.

(d) In ruling on a motion made pursuant to this section, the administrative law judge may make and enter a protective order such as he or she is authorized to enter on a motion made pursuant to § 18.15(a).

§ 18.22 Depositions.

(a) *When, how, and by whom taken.* The deposition of any witness may be taken at any stage of the proceeding at reasonable times. Depositions may be taken by oral examination or upon written interrogatories before any person having power to administer oaths.

(b) *Application.* Any party desiring to take the deposition of a witness shall indicate to the witness and all other parties the time when, the place where, and the name and post office address of the person before whom the deposition is to be taken; the name and address of each witness; and the subject matter concerning which each such witness is expected to testify.

(c) *Notice.* Notice shall be given for the taking of a deposition, which shall be not less than five (5) days written notice when the deposition is to be taken within the continental United States and not less than twenty (20) days written notice when the deposition is to be taken elsewhere.

(d) *Taking and receiving in evidence.* Each witness testifying upon deposition shall be sworn, and any other party shall have the right to cross-examine. The questions propounded and the answers thereto, together with all objections made, shall be reduced to writing; read by or to, and subscribed by the witness; and certified by the person administering the oath. Subject to such objections to the questions and answers as were noted at the time of taking the deposition and which would have been valid if the witness were personally present and testifying, such deposition may be read and offered in evidence by the party taking it as against any party who was present or represented at the taking of the deposition or who had due notice thereof.

(e) *Motion to terminate or limit examination.* During the taking of a deposition, a party or deponent may request suspension of the deposition on grounds of bad faith in the conduct of the examination, oppression of a deponent or party or improper questions propounded. The deposition will then be adjourned. However, the objecting party or deponent must immediately move the administrative law judge for a ruling on his or her objections to the deposition conduct or proceedings. The administrative law judge may then limit the scope or manner of the taking of the deposition.

[48 FR 32538, July 15, 1983; 49 FR 2739, Jan. 20, 1984]

§ 18.23 Use of depositions at hearings.

(a) *Generally.* At the hearing, any part or all of a deposition, so far as admissible under the rules of evidence, may be used against any party who was present or represented at the taking of the deposition or who had due notice thereof in accordance with any one of the following provisions:

(1) Any deposition may be used by any party for the purpose of contradicting or impeaching the testimony of the deponent as a witness.

(2) The deposition of expert witnesses, particularly the deposition of physicians, may be used by any party for any purpose, unless the administrative law judge rules that such use would be unfair or a violation of due process.

(3) The deposition of a party or of anyone who at the time of taking the deposition was an officer, director, or duly authorized agent of a public or private corporation, partnership, or association which is a party, may be used by any other party for any purpose.

(4) The deposition of a witness, whether or not a party, may be used by any party for any purpose if the presiding officer finds: (i) That the witness is dead; or (ii) that the witness is out of the United States or more than 100 miles from the place of hearing unless it appears that the absence of the witness was procured by the party offering the deposition; or (iii) that the witness is unable to attend to testify because of age, sickness, infirmity, or imprisonment; or (iv) that the party offering the deposition has been unable to procure the attendance of the witness by subpoena; or (v) upon application and notice, that such exceptional circumstances exist at to make it desirable, in the interest of justice and with due regard to the importance of presenting the testimony of witnesses orally in open hearing, to allow the deposition to be used.

(5) If only part of a deposition is offered in evidence by a party, any other party may require him or her to introduce all of it which is relevant to the part introduced, and any party may introduce any other parts.

(6) Substitution of parties does not affect the right to use depositions previously taken; and, when a proceeding in any hearing has been dismissed and another proceeding involving the same subject matter is afterward brought between the same parties or their representatives or successors in interest, all depositions lawfully taken and duly filed in the former proceeding may be used in the latter as if originally taken therefor.

(b) *Objections to admissibility.* Except as provided in this paragraph, objection may be made at the hearing to receiving in evidence any deposition or part thereof for any reason which would require the exclusion of the evidence if the witness were then present and testifying.

(1) Objections to the competency of a witness or to the competency, relevancy, or materiality of testimony are not waived by failure to make them before or during the taking of the deposition, unless the ground of the objection is one which might have been obviated or removed if presented at that time.

(2) Errors and irregularities occurring at the oral examination in the manner of taking the deposition, in the form of the questions or answers, in the oath or affirmation, or in the conduct of parties and errors of any kind which might be obviated, removed, or cured if promptly presented, are waived unless reasonable objection thereto is made at the taking of the deposition.

(3) Objections to the form or written interrogatories are waived unless served in writing upon the party propounding them.

(c) *Effect of taking or using depositions.* A party shall not be deemed to make a person his or her own witness for any purpose by taking his or her deposition. The introduction in evidence of the deposition or any part thereof for any purpose other than that of contradicting or impeaching the deponent makes the deponent the witness of the party introducing the deposition, but this shall not apply to the use by any other party of a deposition as described in paragraph (a)(2) of this section. At the hearing, any party may rebut any relevant evidence contained in a deposition whether introduced by him or her or by any other party.

§ 18.24 Subpoenas.

(a) Except as provided in paragraph (b) of this section, the Chief Administrative Law Judge or the presiding administrative law judge, as appropriate, may issue subpoenas as authorized by statute or law upon written application of a party requiring attendance of witnesses and production of relevant papers, books, documents, or tangible things in their possession and under their control. A subpoena may be served by certified mail or by any person who is not less than 18 years of age. A witness, other than a witness for the Federal Government, may not be required to attend a deposition or hearing unless the mileage and witness fee applicable to witnesses in courts of the United States for each date of attendance is paid in advance of the date of the proceeding.

(b) If a party's written application for subpoena is submitted three (3) working days or less before the hearing to which it relates, a subpoena shall issue at the discretion of the Chief Administrative Law Judge or presiding administrative law judge, as appropriate.

(c) *Motion to quash or limit subpoena.* Within ten (10) days of receipt of a subpoena but no later than the date of the hearing, the person against whom it is directed may file a motion to quash or limit the subpoena, setting forth the reasons why the subpoena should be withdrawn or why it should by limited in scope. Any such motion shall be answered within ten (10) days of service, and shall be ruled on immediately thereafter. The order shall specify the date, if any, for compliance with the specifications of the subpoena.

(d) *Failure to comply.* Upon the failure of any person to comply with an order to testify or a subpoena, the party adversely affected by such failure to comply may, where authorized by statute or by law, apply to the appropriate district court for enforcement of the order or subpoena.

§ 18.25 Designation of administrative law judge.

Hearings shall be held before an administrative law judge appointed under 5 U.S.C. 3105 and assigned to the Department of Labor. The presiding judge shall be designated by the Chief Administrative Law Judge.

§ 18.26 Conduct of hearings.

Unless otherwise required by statute or regulations, hearings shall be conducted in conformance with the Administrative Procedure Act, 5 U.S.C. 554.

§ 18.27 Notice of hearing.

(a) *Generally.* Except when hearings are scheduled by calendar call, the administrative law judge to whom the matter is referred shall notify the parties by mail of a day, time, and place set for hearing thereon or for a prehearing conference, or both. No date earlier than fifteen (15) days after the date of such notice shall be set for such hearing or conference, except by agreement of the parties. Service of such notice shall be made by regular, first-class mail, unless under the circumstances it appears to the administrative law judge that certified mail, mailgram, telephone, or any combination of these methods should be used instead.

(b) *Change of date, time and place.* The Chief Administrative Law Judge or the administrative law judge assigned to the case may change the time, date and place of the hearing, or temporarily adjourn a hearing, on his or her own motion or for good cause shown by a party. The parties shall be given not less than ten (10) days notice of the new hearing date, unless they agree to such change without such notice.

(c) *Place of hearing.* Unless otherwise required by statute or regulation, due regard shall be given to the convenience of the parties and the witnesses in selecting a place for the hearing.

§ 18.28 Continuances.

(a) *When granted.* Continuances will only by granted in cases of prior judicial commitments or undue hardship, or a showing of other good cause.

(b) *Time limit for requesting.* Except for good cause arising thereafter, requests for continuances must be filed within fourteen (14) days prior to the date set for hearing.

(c) *How filed.* Motions for continuances shall be in writing. At least 3″x3½″ of blank space shall be provided on the last page of the motion to permit space for the entry of an order by the administrative law judge. Copies shall be served on all parties. Any motions for continuances made within ten (10) days of the date of the scheduled proceeding shall, in addition to the written request, be telephonically conveyed to the administrative law judge or a member of his or her staff and to all other parties. Motions for continuances, based on reasons not reasonably ascertainable prior thereto, may also be made on the record at calendar calls, prehearing conferences or hearings.

(d) *Ruling.* Time permitting, the administrative law judge shall issue a written order in advance of the scheduled proceeding date which either allows or denies the request. Otherwise the ruling may be made orally by telephonic communication to the party requesting same who shall be responsible for telephonically notifying all other parties. Oral orders shall be confirmed in writing.

[48 FR 32538, July 15, 1983; 49 FR 2739, Jan. 20, 1984]

§ 18.29 Authority of administrative law judge.

(a) *General powers.* In any proceeding under this part, the administrative law judge shall have all powers necessary to the conduct of fair and impartial hearings, including, but not limited to, the following: (1) Conduct formal hearings in accordance with the provisions of this part; (2) administer oaths and examine witnesses; (3) compel the production of documents and appearance of witnesses in control of the parties; (4) compel the appearance of witnesses by the issuance of subpoenas as authorized by statute or law; (5) issue decisions and orders; (6) take any action authorized by the Administrative Procedure Act; (7) exercise, for the purpose of the hearing and in regulating the conduct of the proceeding, such powers vested in the Secretary of Labor as are necessary and appropriate therefor; (8) where applicable, take any appropriate action authorized by the Rules of Civil Procedure for the United States District Courts, issued from time to time and amended pursuant to 28 U.S.C. 2072; and (9) do all other things necessary to enable him or her to discharge the duties of the office.

(b) *Enforcement.* If any person in proceedings before an adjudication officer disobeys or resists any lawful order or process, or misbehaves during a hearing or so near the place thereof as to obstruct the same, or neglects to produce, after having been ordered to do so, any pertinent book, paper or document, or refuses to appear after having been subpoenaed, or upon appearing refuses to take the oath as a witness, or after having taken the oath refuses to be examined according to law, the administrative law judge responsible for the adjudication, where authorized by statute or law, may certify the facts to the Federal District Court having jurisdiction in the place in which he or she is sitting to request appropriate remedies.

§ 18.30 Unavailability of administrative law judge.

In the event the administrative law judge designated to conduct the hearing becomes unavailable, the Chief Administrative Law Judge may designate another administrative law judge for the purpose of further hearing or other appropriate action.

§ 18.31 Disqualification.

(a) When an administrative law judge deems himself or herself disqualified to preside in a particular proceeding, such judge shall withdraw therefrom by notice on the record directed to the Chief Administrative Law Judge.

(b) Whenever any party shall deem the administrative law judge for any reason to be disqualified to preside, or to continue to preside, in a particular proceeding, that party shall file with the administrative law judge a motion to recuse. The motion shall be supported by an affidavit setting forth the alleged grounds for disqualification. The administrative law judge shall rule upon the motion.

(c) In the event of disqualification or recusal of an administrative law judge as provided in paragraph (a) or (b) of this section, the Chief Administrative Law Judge shall refer the matter to another administrative law judge for further proceedings.

§ 18.32 Separation of functions.

No officer, employee, or agent of the Federal Government engaged in the performance of investigative or prosecutorial functions in connection with any proceeding shall, in that proceeding or a factually related proceeding, participate or advise in the decision of the administrative law judge, except as a witness or counsel in the proceedings.

§ 18.33 Expedition.

Hearings shall proceed with all reasonable speed, insofar as practicable and with due regard to the convenience of the parties.

§ 18.34 Representation.

(a) *Appearances.* Any party shall have the right to appear at a hearing in person, by counsel, or by other representative, to examine and cross-examine witnesses, and to introduce into the record documentary or other relevant evidence, except that the participation of any intervenor shall be limited to the extent prescribed by the administrative law judge.

(b) Each attorney or other representative shall file a notice of appearance. Such notice shall indicate the name of the case or controversy, the docket number if assigned, and the party on whose behalf the appearance is made.

(c) *Rights of parties.* Every party shall have the right of timely notice and all other rights essential to a fair hearing, including, but not limited to, the rights to present evidence, to conduct such cross-examination as may be necessary for a full and complete disclosure of the facts, and to be heard by objection, motion, and argument.

(d) *Rights of participants.* Every participant shall have the right to make a written or oral statement of position. At the discretion of the administrative law judge, participants may file proposed findings of fact, conclusions of law and a post hearing brief.

(e) *Rights of witnesses.* Any person compelled to testify in a proceeding in response to a subpoena may be accompanied, represented, and advised by counsel or other representative, and may purchase a transcript of his or her testimony.

(f) *Office of the Solicitor.* The Department of Labor shall be represented by the Solicitor of Labor or his or her designee and shall participate to the degree deemed appropriate by the Solicitor.

(g) *Qualifications*—(1) *Attorneys.* An attorney at law who is admitted to practice before the Federal courts or before the highest court of any State, the District of Columbia, or any territory or commonwealth of the United States, may practice before the Office of Administrative Law Judges. An attorney's own representation that he or she is in good standing before any of such courts shall be sufficient proof thereof, unless otherwise ordered by the administrative law judge. Any attorney of record must file prior notice in writing of intent to withdraw as counsel.

(2) *Persons not attorneys.* Any citizen of the United States who is not an attorney at law shall be admitted to appear in a representative capacity in an adjudicative proceeding. An application by a person not an attorney at law for admission to appear in a proceeding shall be submitted in writing to the Chief Administrative Law Judge prior to the hearing in the proceedings or to the administrative law judge assigned at the commencement of the hearing. The application shall state generally the applicant's qualifications to appear in the proceedings. The administrative law judge may, at any time, inquire as to the qualification or ability of such person to render legal assistance.

(3) *Denial of authority to appear.* The administrative law judge may deny the privilege of appearing to any person, within applicable statutory constraints, e.g. 5 U.S.C. 555, who he or she finds after notice of and opportunity for hearing in the matter does not possess the requisite qualifications to represent others; or is lacking in character or integrity; has engaged in unethical or improper professional conduct; or has engaged in an act involving moral turpitude. No provision hereof shall apply to any person who appears on his or her own behalf or on behalf of any corporation, partnership, or association of which the person is a partner, officer, or regular employee.

(h) *Authority for representation.* Any individual acting in a representative capacity in any adjudicative proceeding may be required by the administrative law judge to show his or her authority to act in such capacity. A regular employee of a party who appears on behalf of the party may be required by the administrative law judge to show his or her authority to so appear.

[48 FR 32538, July 15, 1983; 49 FR 2739, Jan. 20, 1984]

§ 18.35 Legal assistance.

The Office of Administrative Law Judges does not have authority to appoint counsel, nor does it refer parties to attorneys.

§ 18.36 Standards of conduct.

(a) All persons appearing in proceedings before an administrative law judge are expected to act with integrity, and in an ethical manner.

(b) The administrative law judge may exclude parties, participants, and their representatives for refusal to comply with directions, continued use of dilatory tactics, refusal to adhere to reasonable standards of orderly and ethical conduct, failure to act in good faith, or violation of the prohibition against ex parte communications. The administrative law judge shall state in the record the cause for suspending or barring an attorney or other representative from participation in a particular proceeding. Any attorney or other representative so suspended or barred may appeal to the Chief Judge but no proceeding shall be delayed or suspended pending disposition of the appeal; provided, however, that the administrative law judge shall suspend the proceeding for a reasonable time for the purpose of enabling the party to obtain another attorney or representative.

§ 18.37 Hearing room conduct.

Proceedings shall be conducted in an orderly manner. The consumption of food or beverage, smoking, or rearranging of courtroom furniture, unless specifically authorized by the administrative law judge, are prohibited.

[48 FR 32538, July 15, 1983; 49 FR 2739, Jan. 20, 1984]

§ 18.38 Ex parte communications.

(a) The administrative law judge shall not consult any person, or party, on any fact in issue unless upon notice and opportunity for all parties to participate. Communications by the Office of Administrative Law Judges, the assigned judge, or any party for the sole purpose of scheduling hearings or requesting extensions of time are not considered ex-parte communications, except that all other parties shall be notified of such request by the requesting party and be given an opportunity to respond thereto.

(b) *Sanctions.* A party or participant who makes a prohibited ex parte communication, or who encourages or solicits another to make any such communication, may be subject to any appropriate sanction or sanctions, including, but not limited to, exclusion from the proceedings and adverse ruling on the issue which is the subject of the prohibited communication.

§ 18.39 Waiver of right to appear and failure to participate or to appear.

(a) *Waiver of right to appear.* If all parties waive their right to appear before the administrative law judge or to present evidence or argument personally or by representative, it shall not be necessary for the administrative law judge to give notice of and conduct an oral hearing. A waiver of the right to appear and present evidence and allegations as to facts and law shall be made in writing and filed with the Chief Administrative Law Judge or the administrative law judge. Where such a waiver has been filed by all parties and they do not appear before the administrative law judge personally or by representative, the administrative law judge shall make a record of the relevant written evidence submitted by the parties, together with any pleadings they may submit with respect to the issues in the case. Such documents shall be considered as all of the evidence in the case, and the decision shall be based on them.

(b) *Dismissal—Abandonment by Party.* A request for hearing may be dismissed upon its abandonment or settlement by the party or parties who filed it. A party shall be deemed to have abandoned a request for hearing if neither the party nor his or her representative appears at the time and place fixed for the hearing and either (a) prior to the time for hearing such party does not show good cause as to why neither he or she nor his or her representative can appear or (b) within ten (10) days after the mailing of a notice to him or her by the administrative law judge to show cause, such party does not show good cause for such failure to appear and fails to notify the administrative law judge prior to the time fixed for hearing that he or she cannot appear. A default decision, under § 18.5(b), may be entered against any party failing, without good cause, to appear at a hearing.

§ 18.40 Motion for summary decision.

(a) Any party may, at least twenty (20) days before the date fixed for any hearing, move with or without supporting affidavits for a summary decision on all or any part of the proceeding. Any other party may, within ten (10) days after service of the motion, serve opposing affidavits or countermove for summary decision. The administrative law judge may set the matter for argument and/or call for submission of briefs.

(b) Filing of any documents under paragraph (a) of this section shall be with the administrative law judge, and copies of such documents shall be served on all parties.

(c) Any affidavits submitted with the motion shall set forth such facts as would be admissible in evidence in a proceeding subject to 5 U.S.C. 556 and

557 and shall show affirmatively that the affiant is competent to testify to the matters stated therein. When a motion for summary decision is made and supported as provided in this section, a party opposing the motion may not rest upon the mere allegations or denials of such pleading. Such response must set forth specific facts showing that there is a genuine issue of fact for the hearing.

(d) The administrative law judge may enter summary judgment for either party if the pleadings, affidavits, material obtained by discovery or otherwise, or matters officially noticed show that there is no genuine issue as to any material fact and that a party is entitled to summary decision. The administrative law judge may deny the motion whenever the moving party denies access to information by means of discovery to a party opposing the motion.

§ 18.41 Summary decision.

(a) *No genuine issue of material fact.* (1) Where no genuine issue of a material fact is found to have been raised, the administrative law judge may issue a decision to become final as provided by the statute or regulations under which the matter is to be heard. Any final decision issued as a summary decision shall conform to the requirements for all final decisions.

(2) An initial decision and a final decision made under this paragraph shall include a statement of:

(i) Findings of fact and conclusions of law, and the reasons therefor, on all issues presented; and

(ii) Any terms and conditions of the rule or order.

(3) A copy of any initial decision and final decision under this paragraph shall be served on each party.

(b) *Hearings on issue of fact.* Where a genuine question of material fact is raised, the administrative law judge shall, and in any other case may, set the case for an evidentiary hearing.

§ 18.42 Expedited proceedings.

(a) When expedited proceedings are required by statute or regulation, or at any time after commencement of a proceeding, any party may move to advance the scheduling of a proceeding.

(b) Except when such proceedings are required or as otherwise directed by the Chief Administrative Law Judge or the administrative law judge assigned, any party filing a motion under this section shall:

(1) Make the motion in writing;

(2) Describe the circumstances justifying advancement;

(3) Describe the irreparable harm that would result if the motion is not granted; and

(4) Incorporate in the motion affidavits to support any representations of fact.

(c) Service of a motion under this section shall be accomplished by personal delivery or by telephonic or telegraphic communication followed by mail. Service is complete upon personal delivery or mailing.

(d) Except when such proceedings are required, or unless otherwise directed by the Chief Administrative Law Judge or the administrative law judge assigned, all parties to the proceeding in which the motion is filed shall have ten (10) days from the date of service of the motion to file an opposition in response to the motion.

(e) Following the timely receipt by the administrative law judge of statements in response to the motion, the administrative law judge may advance pleading schedules, prehearing conferences, and the hearing, as deemed appropriate: provided, however, that a hearing on the merits shall not be scheduled with less than five (5) working days notice to the parties, unless all parties consent to an earlier hearing.

(f) When expedited hearings are required by statute or regulation, such hearing shall be scheduled within sixty (60) days from the receipt of request for hearing or order of reference. The decision of the administrative law judge shall be issued within twenty (20) days after receipt of the transcript of any oral hearing or within twenty (20) days after the filing of all documentary evidence if no oral hearing is conducted.

§ 18.43 Formal hearings.

(a) *Public.* Hearings shall be open to the public. However, in unusual circumstances, the administrative law judge may order a hearing or any part thereof closed, where to do so would be in the best interests of the parties, a witness, the public or other affected persons. Any order closing the hearing shall set forth the reasons for the decision. Any objections thereto shall be made a part of the record.

(b) *Jurisdiction.* The administrative law judge shall have jurisdiction to decide all issues of fact and related issues of law.

(c) *Amendments to conform to the evidence.* When issues not raised by the request for hearing, prehearing stipulation, or prehearing order are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence may be made on motion of any party at any time; but failure to so amend does not affect the result of the hearing of these issues. The administrative law judge may grant a continuance to enable the objecting party to meet such evidence.

§18.44 Evidence.

(a) *Applicability of Federal Rules of Evidence.* Unless otherwise provided by statute or these rules, and where appropriate, the Federal Rules of Evidence may be applied to all proceedings held pursuant to these rules.

(b) *Admissibility.* All relevant, material and reliable evidence is admissible, but may be excluded if its probative value is substantially outweighed by unfair prejudice or confusion of the issues, or by considerations of undue delay, waste of time, immateriality, or needless presentation of cumulative evidence. Stipulations of fact may be introduced in evidence with respect to any issue. Every party shall have the right to present his or her case or defense by oral or documentary evidence, depositions, and duly authenticated copies of records and documents; to submit rebuttal evidence; and to conduct such reasonable cross-examination as may be required for a full and true disclosure of the facts. The administrative law judge shall have the right in his or her discretion to limit the number of witnesses whose testimony may be merely cumulative and shall, as a matter of policy, not only exclude irrelevant, immaterial, or unduly repetitious evidence but shall also limit the cross-examination of witnesses to reasonable bounds so as not to prolong the hearing unnecessarily, and unduly burden the record. Material and relevant evidence shall not be excluded because it is not the best evidence, unless its authenticity is challenged, in which case reasonable time shall be given to establish its authenticity. When only portions of a document are to be relied upon, the offering party shall prepare the pertinent excerpts, adequately identified, and shall supply copies of such excerpts, together with a statement indicating the purpose for which such materials will be offered, to the administrative law judge and to the other parties. Only the excerpts, so prepared and submitted, shall be received in the record. However, the whole of the original document should be made available for examination and for use by opposing counsel for purposes of cross-examination. Compilations, charts, summaries of data and photostatic copies of documents may be admitted in evidence if the proceedings will thereby be expedited, and if the material upon which they are based is available for examination by the parties.

(c) *Objections to evidence.* Objections to the admission or exclusion of evidence shall be in short form, stating the grounds of objections relied upon, and the transcript shall include argument or debate thereon. Rulings on such objections shall be made at the time of objection or prior to the receipt of further evidence. Such ruling shall be a part of the record.

(d) *Exceptions.* Formal exceptions to the rulings of the administrative law judge made during the course of the hearing are unnecessary. For all purposes for which an exception otherwise would be taken, it is sufficient that a party, at the time the ruling of the administrative law judge is made or sought, makes known the action he or she desires the administrative law judge to take or his or her objection to an action taken, and his or her grounds therefor.

(e) *Offers of proof.* Any offer of proof made in connection with an objection taken to any ruling of the administrative law judge rejecting or excluding proffered oral testimony shall consist of a statement of the substance of the evidence which counsel contends would be adduced by such testimony, and if the excluded evidence consists of evidence in documentary or written form or of reference to documents or records, a copy of such evidence shall be marked for identification and shall constitute the offer of proof.

§ 18.45 Official notice.

Official notice may be taken of any material fact, not appearing in evidence in the record, which is among the traditional matters of judicial notice: Provided, however, that the parties shall be given adequate notice, at the hearing or by reference in the administrative law judge's decision, of the matters so noticed, and shall be given adequate opportunity to show the contrary.

§ 18.46 In camera and protective orders.

(a) *Privileges.* Upon application of any person the administrative law judge may limit discovery or introduction of evidence or issue such protective or other orders as in his or her judgment may be consistent with the objective of protecting privileged communications.

(b) *Classified or sensitive matter.* (1) Without limiting the discretion of the administrative law judge to give effect to any other applicable privilege, it shall be proper for the administrative law judge to limit discovery or introduction of evidence or to issue such protective or other orders as in his or her judgment may be consistent with the objective of preventing undue disclosure of classified or sensitive matter. Where the administrative law judge determines that information in documents containing sensitive matter should be made available to a respondent, he or she may direct the party to prepare an unclassified or nonsensitive summary or extract of the original. The summary or extract may be admitted as evidence in the record.

(2) If the administrative law judge determines that this procedure is inadequate and that classified or otherwise sensitive matter must form part of the record in order to avoid prejudice to a party, he or she may advise the parties and provide opportunity for arrangements to permit a party or a representative to have access to such matter. Such arrangements may include obtaining security clearances or giving counsel for a party access to sensitive information and documents subject to assurances against further disclosure.

§ 18.47 Exhibits.

(a) *Identification.* All exhibits offered in evidence shall be numbered and marked with a designation identifying the party or intervenor by whom the exhibit is offered.

(b) *Exchange of Exhibits.* When written exhibits are offered in evidence, one copy must be furnished to each of the parties at the hearing, and one copy to the administrative law judge, unless the parties previously have been furnished with copies or the administrative law judge directs otherwise. If the administrative law judge has not fixed a time for the exchange of exhibits the parties shall exchange copies of exhibits at the earliest practicable time, preferably before the hearing, or at the latest at the commencement of the hearing.

(c) *Substitution of copies for original exhibits.* The administrative law judge may permit a party to withdraw original documents offered in evidence and substitute true copies in lieu thereof.

§ 18.48 Records in other proceedings.

In case any portion of the record in any other proceeding or civil or criminal action is offered in evidence, a true copy of such portion shall be presented for the record in the form of an exhibit unless the administrative law judge directs otherwise.

§ 18.49 Designation of parts of documents.

Where relevant and material matter offered in evidence is embraced in a

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document containing other matter not material or relevant and not intended to be put in evidence, the participant offering the same shall plainly designate the matter so offered, segregating and excluding insofar as practicable the immaterial or irrelevant parts. If other matter in such document is in such bulk or extent as would necessarily encumber the record, such document will not be received in evidence, but may be marked for identification, and if properly authenticated, the relevant and material parts thereof may be read into the record, or if the administrative law judge so directs, a true copy of such matter in proper form shall be received in evidence as an exhibit, and copies shall be delivered by the participant offering the same to the other parties or their attorneys appearing at the hearing, who shall be afforded an opportunity to examine the entire document and to offer in evidence in like manner other material and relevant portions thereof.

§ 18.50 Authenticity.

The authenticity of all documents submitted as proposed exhibits in advance of the hearing shall be deemed admitted unless written objection thereto is filed prior to the hearing, except that a party will be permitted to challenge such autheniticity at a later time upon a clear showing of good cause for failure to have filed such written objection.

§ 18.51 Stipulations.

The parties may by stipulation in writing at any stage of the proceeding, or orally made at hearing, agree upon any pertinent facts in the proceeding. It is desirable that the facts be thus agreed upon so far as and whenever practicable. Stipulations may be received in evidence at a hearing or prior thereto, and when received in evidence, shall be binding on the parties thereto.

§ 18.52 Record of hearings.

(a) All hearings shall be mechanically or stenographically reported. All evidence upon which the administrative law judge relies for decision shall be contained in the transcript of testimony, either directly or by appropriate reference. All exhibits introduced as evidence shall be marked for identification and incorporated into the record. Transcripts may be obtained by the parties and the public from the official reporter at rates not to exceed the applicable rates fixed by the contract with the reporter.

(b) *Corrections.* Corrections to the official transcript will be permitted upon motion. Motions for correction must be submitted within ten (10) days of the receipt of the transcript unless additional time is permitted by the administrative law judge. Corrections of the official transcript will be permitted only when errors of substance are involved and only upon approval of the administrative law judge.

§ 18.53 Closing of hearings.

The administrative law judge may hear arguments of counsel and may limit the time of such arguments at his or her discretion, and may allow briefs to be filed on behalf of either party but shall closely limit the time within which the briefs for both parties shall be filed, so as to avoid unreasonable delay.

§ 18.54 Closing the record.

(a) When there is a hearing, the record shall be closed at the conclusion of the hearing unless the administrative law judge directs otherwise.

(b) If any party waives a hearing, the record shall be closed on the date set by the administrative law judge as the final date for the receipt of submissions of the parties to the matter.

(c) Once the record is closed, no additional evidence shall be accepted into the record except upon a showing that new and material evidence has become available which was not readily available prior to the closing of the record. However, the administrative law judge shall make part of the record, any motions for attorney fees authorized by statutes, and any supporting documentation, any determinations thereon, and any approved correction to the transcript.

§ 18.55 Receipt of documents after hearing.

Documents submitted for the record after the close of the hearing will not be received in evidence except upon ruling of the administrative law judge. Such documents when submitted shall be accompanied by proof that copies have been served upon all parties, who shall have an opportunity to comment thereon. Copies shall be received not later than twenty (20) days after the close of the hearing except for good cause shown, and not less than ten (10) days prior to the date set for filing briefs. Exhibit numbers should be assigned by counsel or the party.

§ 18.56 Restricted access.

On his or her own motion, or on the motion of any party, the administrative law judge may direct that there be a restricted access portion of the record to contain any material in the record to which public access is restricted by law or by the terms of a protective order entered in the proceedings. This portion of the record shall be place in a separate file and clearly marked to avoid improper disclosure and to identify it as a portion of the official record in the proceedings.

§ 18.57 Decision of the administrative law judge.

(a) *Proposed findings of fact, conclusions, and order.* Within twenty (20) days of filing of the transcript of the testimony or such additional time as the administrative law judge may allow, each party may file with the administrative law judge, subject to the judge's discretion under § 18.55, proposed findings of fact, conclusions of law, and order together with a supporting brief expressing the reasons for such proposals. Such proposals and brief shall be served on all parties, and shall refer to all portions of the record and to all authorities relied upon in support of each proposal.

(b) *Decision of the administrative law judge.* Within a reasonable time after the time allowed for the filing of the proposed findings of fact, conclusions of law, and order, or within thirty (30) days after receipt of an agreement containing consent findings and order disposing of the disputed matter in whole, the administrative law judge shall make his or her decision. The decision of the administrative law judge shall include findings of fact and conclusions of law, with reasons therefor, upon each material issue of fact or law presented on the record. The decision of the administrative law judge shall be based upon the whole record. It shall be supported by reliable and probative evidence. Such decision shall be in accordance with the regulations and rulings of the statute or regulation conferring jurisdiction.

§ 18.58 Appeals.

The procedures for appeals shall be as provided by the statute or regulation under which hearing jurisdiction is conferred. If no provision is made therefor, the decision of the administrative law judge shall become the final administrative decision of the Secretary.

§ 18.59 Certification of official record.

Upon timely receipt of either a notice or a petition, the Chief Administrative Law Judge shall promptly certify and file with the reviewing authority, appellate body, or appropriate United States District Court, a full, true, and correct copy of the entire record, including the transcript of proceedings.

PART 20—DEBT COLLECTION ACT OF 1982

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AUTHORITY: Pub. L. 97-365, Oct. 25, 1982; 96 Stat. 1749; 31 U.S.C. 3711 *et seq.*

SOURCE: 50 FR 5202, Feb. 6, 1985, unless otherwise noted.

Subpart A—Disclosure of Information to Credit Reporting Agencies

§ 20.1 Purpose and scope.

The regulations in this subpart establish procedures to implement section 3 of the Debt Collection Act of 1982 (Pub. L. 97-365), 31 U.S.C. 3711(f). This statute, and other applicable authority, authorizes Department heads to disclose to credit reporting agencies information concerning claims owed the United States under programs administered by the Department head. This disclosure is limited to certain information and must be in accordance with procedures set forth in the Debt Collection Act and other applicable laws. This subpart specifies the agency procedures and debtor rights that will be followed in making a disclosure to a credit reporting agency.

§ 20.2 Definitions.

For purposes of this subpart—

(a) The term "commercial debt" means any non-tax business debt in excess of $100, arising from loans, loan guarantees, overpayments, fines, penalties or other causes.

(b) The term "consumer debt" means any non-tax debt of an individual in excess of $100, arising from loans—loan guarantees, overpayments, fines, penalties, or other causes.

(c) A debt is considered delinquent if it has not been paid by the date specified in the agency's initial demand letter (§ 20.4), unless satisfactory payment arrangements have been made by that date, or if, at any time thereafter, the debtor fails to satisfy his obligations under a payment agreement with the Department of Labor, or any agency thereof.

(d) The term "claim" and "debt" are deemed synonymous and interchangeable. They refer to an amount of money or property which has been determined by an appropriate agency official to be owed to the United States from any person, organization, or entity, except another federal agency.

§ 20.3 Agency responsibilities.

(a) As authorized by law, each Department of Labor agency may report all delinquent consumer debts to consumer credit reporting agencies and may also report all commercial debts to appropriate commercial credit reporting agencies.

(b) Information provided to a consumer credit reporting agency on delinquent consumer debts from a system of records subject to the Privacy Act of 1974, 5 U.S.C. 552a, must be maintained by the Department of Labor in accordance with that Act, except as otherwise modified by law. Furthermore, no disclosure may be made until the appropriate notice of system of records has been amended in accordance with 5 U.S.C. 552a(e)(11).

(c) The Assistant Secretary for Administration and Management, or his or her designee, shall have the responsibility for obtaining satisfactory assurances from each credit reporting agency to which information will be provided, concerning compliance by the credit reporting agency with the Fair Credit Reporting Act (15 U.S.C. 1681 *et seq.*) and any other Federal law governing the provision of credit information.

(d) The information disclosed to the credit reporting agency is limited to: (1) The name, address, taxpayer identification number, and other information necessary to establish the identity of the individual, (2) the amount, status, and history of the claim, and (3) the Department of Labor agency or program under which the claim arose.

(e) The agency official providing information to a credit reporting agency: (1) Shall promptly disclose to each credit reporting agency to which the original disclosure was made, any substantial change in the status or amount of the claim; and (2) shall within 30 days whenever feasible, or otherwise promptly verify or correct, as appropriate, information concerning the claim upon the request of any such credit reporting agency for verification of any or all information so disclosed.

(f) Each Department of Labor agency is responsible for ensuring the continued accuracy of calculations and records relating to its claims, and for the prompt notification to the credit reporting agency of any substantial change in the status or amount of the claim. The agencies shall promptly follow-up on any allegation made by a debtor that the records of the agency concerning a claim are in error. Agencies should respond promptly to communications from the debtor, within 30 days whenever feasible.

(g) The agency official responsible for providing information to a consumer credit reporting agency shall take reasonable action to locate the individual owing the debt prior to disclosing any information to a consumer credit reporting agency.

§ 20.4 Determination of delinquency; notice.

(a) The agency head (or designee) responsible for carrying out the provisions of this subpart with respect to the debt shall send to the debtor appropriate written demands for payment in terms which inform the debtor of the consequences of failure to cooperate. In accordance with guidelines established by the Assistant Secretary for Administration and Management, a total of three progressively stronger written demands at not more than 30-day intervals will normally be made unless a response to the first or second demand indicates that a further demand would be futile and the debtor's response does not require rebuttal. In determining the timing of the demand letters, agencies should give due regard to the need to act promptly so that, as a general rule, if necessary to refer the debt to the Department of Justice for litigation, such referral can be made within one year of the final determination of the fact and the amount of the debt. When the agency head (or designee) deems it appropriate to protect the government's interests (for example, to prevent the statute of limitations, 28 U.S.C. 2415, from expiring), written demand may be preceded by other appropriate actions, including immediate referral for litigation.

(b) Prior to disclosing information to a consumer credit reporting agency in accordance with this subpart, the agency head (or designee) responsible for administering the program under which the debt arose shall review the claim and determine that the claim is valid and overdue. In cases where the debt arises under programs of two or more Department of Labor agencies, or in such other instances as the Assistant Secretary for Administration and Management or his or her designee may deem appropriate, the Assistant Secretary, or his or her designee, may determine which agency, or official, shall have responsibility for carrying out the provisions of this subpart.

(c) In accordance with guidelines established by the Assistant Secretary for Administration and Management, the agency official responsible for disclosure of the debt to a consumer credit reporting agency shall send written notice to the individual debtor informing such debtor:

(1) Of the basis for the indebtedness;

(2) That the payment of the claim is overdue;

(3) That the agency intends to disclose to a consumer credit reporting agency, within not less than sixty days after sending such notice, that the individual is responsible for such claim;

(4) Of the specific information intended to be disclosed to the credit reporting agency;

(5) Of the rights of such debtor to a full explanation of the claim, to dispute any information in the records of the agency concerning the claim, and of the name of an agency employee who can provide a full explanation of the claim;

(6) Of the debtor's right to administrative appeal or review with respect to the claim and how such review shall be obtained; and,

(7) Of the date on which or after which the information will be reported to the consumer credit reporting agency.

(d) Where the disclosure concerns a commercial debt, the responsible agency head (or designee) shall send written notice to the commercial debtor informing such debtor of the information discussed in paragraphs (c)(1), (4), (5), and (6) of this section.

(e) Agencies shall also include in their demand letters the notice provisions to debtors required by other regulations of the Labor Department, pertaining to waiver, assessment of interest, penalties and administrative costs, administrative offset, and salary offset to the extent that such inclusion is appropriate and practicable.

(f) The responsible agency head (or designee) shall exercise due care to insure that demand letters are mailed or hand-delivered on the same day that they are actually dated. If evidence suggests that the debtor is no longer located at the address of record, reasonable action shall be taken to obtain a current address.

(g) To the extent that the requirements under this section have been provided to the debtor in relation to the same debt under some other statutory or regulatory authority, the agency is not required to duplicate such efforts.

[50 FR 5202, Feb. 5, 1985; 50 FR 8608, Mar. 4, 1985]

§ 20.5 Examination of records relating to the claim; opportunity for full explanation of the claim.

Following receipt of the notice specified in § 20.4, the debtor may request to examine and copy the information to be disclosed to the consumer credit reporting agency, in accordance with 5 U.S.C. 552a.

§ 20.6 Opportunity for repayment.

The Department of Labor agency responsible for collecting the claim shall afford the debtor the opportunity to repay the debt or enter into a repayment plan which is agreeable to the head of the agency and is in a written form signed by such debtor. The head of the agency (or designee) may deem a repayment plan to be abrogated if the debtor should, after the repayment plan is signed, fail to comply with the terms of the plan.

§ 20.7 Review of the obligation.

(a) The debtor shall have the opportunity to obtain review by the responsible agency of the initial decision concerning the existence or amount of the debt.

(b) The debtor seeking review shall make the request in writing to the reviewing official or employee, not more than 15 days from the date the initial demand letter was received by the debtor. The request for review shall state the basis for challenging the initial determination. If the debtor alleges that specific information to be disclosed to a credit reporting agency is not accurate, timely, relevant or complete, such debtor shall provide information or documentation to support this allegation.

(c) The review shall ordinarily be based on written submissions and documentation by the debtor. However a reasonable opportunity for an oral hearing shall be provided an individual debtor when the responsible agency determines that (1) an applicable statute authorizes or requires the agency to consider waiver of the indebtedness involved, the debtor requests waiver of the indebtedness, and the waiver determination turns on an issue of credibility or veracity; or (2) an individual debtor requests reconsideration of the debt and the agency determines that the question of the indebtedness cannot be resolved by review of the documentary evidence, for example, when the validity of the debt turns on an issue of credibility or veracity; or (3) in other situations in which the agency deems an oral hearing appropriate. Unless otherwise required by law an oral hearing under this section is not required to be a formal evidentiary-type hearing, although the reviewing official should carefully document all significant matters discussed at the hearing.

(d) Upon receipt of a timely request for review, the agency shall suspend its schedule for disclosure of a delinquent consumer debt to a consumer credit reporting agency until such time as a final decision is made on the request.

(e) Upon completion of the review, the reviewing official shall transmit to the debtor a written notification of the decision. If appropriate, this notification shall inform the debtor of the scheduled date on or after which information concerning the debt will be provided to credit reporting agencies. The notification shall, also if appropriate, indicate any changes in the information to be disclosed to the extent such information differs from that provided in the initial notification.

(f) Nothing in this subpart shall preclude an agency, upon request of the debtor alleged by the agency to be responsible for a debt, or on its own initiative, from reviewing the obligation of such debtor, including an opportunity for reconsideration of the initial decision concerning the debt, and including the accuracy, timeliness, relevance, and completeness of the information to be disclosed to a credit reporting agency.

(g) To the extent that the requirements under this section have been provided to the debtor in relation to the same debt under some other statutory or regulatory authority, the agency is not required to duplicate such efforts.

(Approved by the Office of Management and Budget under control number 1225-0030)

§ 20.8 Disclosure to credit reporting agencies.

(a) In accordance with guidelines established by the Assistant Secretary for Administration and Management, the responsible Department of Labor agency shall make the disclosure of information on the debtor to the credit reporting agency. Such disclosure to consumer credit reporting agencies shall be made on or after the date specified in the § 20.4 notification to the individual owing the claim, and shall be comprised of the information set forth in the initial determination, or any modification thereof.

(b) This section shall not apply to individual debtors when—

(1) Such debtor has repaid or agreed to repay his or her obligation, and such agreement is still valid, as provided in § 20.6; or

(2) Such debtor has filed for review of the claim under § 20.7(b), and the reviewing official or employee has not issued a decision on the review.

(c) In addition, the agency may determine not to make a disclosure of information to a credit reporting agency when the agency, on its own initiative, is reviewing and has not concluded such review of its initial determination of the claim under § 20.7(f).

§ 20.9 Waiver of credit reporting.

The agency head (or designee) may waive reporting a commercial debt or delinquent consumer debt to a credit reporting agency, if otherwise appropriate and if reporting the debt would not be in the best interests of the United States.

§ 20.10 Responsibilities of the Assistant Secretary for Administration and Management.

The Assistant Secretary for Administration and Management, or his or her designee, shall provide appropriate and binding, written or other guidance to Department of Labor agencies and officials in carrying out this subpart, including the issuance of guidelines and instructions, which he or she may deem appropriate. The Assistant Secretary shall also take such administrative steps as may be appropriate to carry out the purposes and ensure the effective implementation of this regulation, including the designation of credit reporting agencies authorized to receive and disseminate information under this subpart.

Subpart B—Administrative Offset

§ 20.19 Purpose and scope.

The regulations in this subpart establish procedures to implement section 10 of the Debt Collection Act of 1982 (Pub. L. 97-365), 31 U.S.C. 3716(d). Among other things, this statute authorizes the head of each agency to collect a claim arising under an agency program by means of administrative offset, except that no claim may be collected by such means if outstanding for more than 10 years after the agency's right to collect the debt first accrued, unless facts material to the Government's right to collect the debt were not known and could not reasonably have been known by the official or officials of the government who were charged with the responsibility to discover and collect such debts. This subpart specifies the agency procedures that will be followed by the Department of Labor for an administrative offset.

§ 20.20 Definitions.

For purposes of this subpart—

(a) The term "administrative offset" means the withholding of money payable by the United States to or held by the United States on behalf of a person to satisfy a debt owned the United States by that person; and

(b) The term "person" does not include any agency of the United States, or any state or local government.

(c) The terms "claim" and "debt" are deemed synonymous and interchangeable. They refer to an amount of money or property which has been determined by an appropriate agency official to be owed to the United States from any person, organization, or entity, except another federal agency.

(d) A debt is considered delinquent if it has not been paid by the date specified in the agency's initial demand letter (§ 20.22), unless satisfactory payment arrangements have been made by that date, or if, at any time thereafter, the debtor fails to satisfy his obligations under a payment agreement with the Department of Labor, or any agency thereof.

§ 20.21 Agency responsibilities.

(a) Each Department of Labor agency which has delinquent debts owed under its program is responsible for collecting its claims by means of administrative offset, in accordance with guidelines established by the Assistant Secretary for Administration and Management.

(b) Before collecting a claim by means of administrative offset, the responsible agency must ensure that administrative offset is feasible, allowable and appropriate, and must notify the debtor of the Department's policies for collecting a claim by means of administrative offset.

(c) Whether collection by administrative offset is feasible is a determination to be made by the creditor agency on a case-by-case basis, in the exercise of sound discretion. Agencies shall consider not only whether administrative offset can be accomplished, both practically and legally, but also whether offset is best suited to further and protect all of the Government's interests. In appropriate circumstances, agencies may give due consideration to the debtor's financial condition, and are not required to use offset in every instance in which there is an available source of funds. Agencies may also consider whether offset would substantially interfere with or defeat the purposes of the program authorizing the payments against which offset is contemplated.

(d) Before advising the debtor that the delinquent debt will be subject to administrative offset, the agency head (or designee) responsible for administering the program under which the debt arose shall review the claim and determine that the debt is valid and overdue. In the case where a debt arises under the programs of two or more Department of Labor agencies, or in such other instances as the Assistant Secretary for Administration and Management, or his or her designee, may deem appropriate, the Assistant Secretary, or his or her designee, may determine which agency (or agencies), or official (or officials), shall have responsibility for carrying out the provisions of this subpart.

(e) Administrative offset shall be considered by agencies only after attempting to collect a claim under Section 3(a) of the Federal Claims Collection Act, except that no claim under this Act that has been outstanding for more than 10 years after the Government's right to collect the debt first accrued may be collected by means of administrative offset, unless facts material to the right to collect the debt were not known and could not reasonably have been known by the official of the Agency who was charged with the responsibility to discover and collect such debts. When the debt first accrued should be determined according to existing laws regarding the accrual of debts, such as under 28 U.S.C. 2415.

§ 20.22 Notifications.

(a) The agency head (or designee) responsible for carrying out the provisions of this subpart with respect to the debt shall send appropriate written demands to the debtor in terms which inform the debtor of the consequences of failure to cooperate. In accordance with guidelines established by the Assistant Secretary for Administration and Management, a total of three progressively stronger written demands at not more than 30-day intervals will normally be made unless a response to the first or second demand indicates that a further demand would be futile and the debtor's response does not require rebuttal. In determining the timing of the demand letters, agencies should give due regard to the need to act promptly so that, as a general rule, if necessary to refer the debt to the Department of Justice for litigation, such referral can be made within one year of the final determination of the fact and the amount of the debt. When the agency head (or designee) deems it appropriate to protect the government's interests (for example, to prevent the statute of limitations, 28 U.S.C. 2415, from expiring), written demand may be preceded by other appropriate actions, including immediate referral for litigation.

(b) In accordance with guidelines established by the Assistant Secretary for Administration and Management, the agency official responsible for collection of the debt shall send written notice to the debtor, informing such debtor as appropriate:

(1) Of the nature and amount of the indebtedness;

(2) That the agency intends to collect, as appropriate, interest, penalties and administrative costs; and, in accordance with guidelines of the Assistant Secretary for Administration and Management, of the applicable standards for collecting such payments;

(3) Of the date by which payment is to be made (which normally should be not more than 30 days from the date that the initial notification was mailed or hand-delivered);

(4) Of the agency's intention to collect by administrative offset and of the debtor's rights in conjunction with such an offset;

(5) Of the debtor's entitlement to waiver, where applicable, and of the debtor's rights in conjunction with waiver;

(6) Of the debtor's opportunity to enter into a written agreement with the agency to repay the debt;

(7) Of the rights of such debtor to a full explanation of the claim, of the opportunity to inspect and copy the agency records with respect to the claim and to dispute any information in the records of the agency concerning the claim;

(8) Of the debtor's right to administrative appeal or review with respect

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to the claim and how such review shall be obtained; and

(9) Of the date on which or after which an administrative offset will begin.

(c) Agencies shall also include in their demand letters the notice provisions to debtors required by other regulations of the Labor Department, pertaining to disclosures to credit reporting agencies, salary offset, and assessment of interest, penalties and administrative costs, to the extent inclusion of such is appropriate and practicable.

(d) The responsible agency head (or designee) shall exercise due care to insure that demand letters are mailed or hand-delivered on the same day that they are actually dated. If evidence suggests that the debtor is no longer located at the address of record, reasonable action shall be taken to obtain a current address.

(e) The agency responsible for collecting the claim shall, in the initial demand letter to the debtor, provide the name of an agency employee who can provide a full explanation of the claim.

§ 20.23 Examination of records relating to the claim; opportunity for full explanation of the claim.

Following receipt of the initial demand letter specified in § 20.22, the debtor may request to examine and copy agency records pertaining to the debt.

§ 20.24 Opportunity for repayment.

(a) The Department of Labor agency responsible for collecting the claim shall afford the debtor the opportunity to repay the debt or enter into a repayment plan which is agreeable to the agency head (or designee) and is in a written form signed by such debtor. The head of the agency (or designee) may deem a repayment plan to be abrogated if the debtor should, after the repayment plan is signed, fail to comply with the terms of the plan.

(b) Agencies have discretion and should exercise sound judgment in determining whether to accept a repayment agreement in lieu of offset. The determination should balance the Government's interest in collecting the debt against fairness to the debtor. If the debt is delinquent and the debtor has not disputed its existence or amount, an agency should effect an offset unless the debtor is able to establish that offset would result in undue financial hardship or would be against equity and good conscience.

§ 20.25 Review of the obligation.

(a) The debtor shall have the opportunity to obtain review by the responsible agency of the determination concerning the existence or amount of the debt.

(b) The debtor seeking review shall make the request in writing to the reviewing official or employee, not more than 15 days from the date the initial demand letter was received by the debtor. The request for review shall state the basis for challenging the determination. If the debtor alleges that the agency's information relating to the debt is not accurate, timely, relevant or complete, such debtor shall provide information or documentation to support this allegation.

(c) The review shall ordinarily be based on written submissions and documentation by the debtor. However a reasonable opportunity for an oral hearing shall be provided an individual debtor when the responsible agency determines that (1) an applicable statute authorizes or requires the agency to consider waiver of the indebtedness involved, the debtor requests waiver of the indebtedness, and the waiver determination turns on an issue of credibility or veracity; or (2) an individual debtor requests reconsideration of the debt and the agency determines that the question of the indebtedness cannot be resolved by review of the documentary evidence, for example, when the validity of the debt turns on an issue of credibility or veracity; or (3) in other situations in which the agency deems an oral hearing appropriate. Unless otherwise required by law, an oral hearing under this section is not required to be a formal evidentiary-type hearing, although the reviewing official should carefully document all significant matters discussed at the hearing.

(d) Agencies may effect an administrative offset against a payment to be made to a debtor prior to the completion of the due process procedures required by this subpart, if failure to take the offset would substantially prejudice the agency's ability to collect the debt; for example, if the time before the payment is to be made would not reasonably permit the completion of due process procedures. Offset prior to completion of due process procedures must be promptly followed by the completion of those procedures. Amounts recovered by offset but later found not owed to the agency should be promptly refunded.

(e) Upon completion of the review, the reviewing official shall transmit to the debtor a written notification of the decision. If appropriate, this notification shall inform the debtor of the scheduled date on or after which administrative offset will begin. The notification shall also, if appropriate, indicate any changes in the information to the extent such information differs from that provided in the initial notification under § 20.22.

(f) Nothing in this subpart shall preclude an agency, upon request of the debtor alleged by the agency to be responsible for a debt, or on its own initiative, from reviewing the obligation of such debtor, including an opportunity for reconsideration of the determination concerning the debt, and including the accuracy, timeliness, relevance, and completeness of the information on which the debt is based.

(Approved by the Office of Management and Budget under control number 1225-0030)

§ 20.26 Request for waiver or administrative review.

(a) If the statute under which waiver or administrative review is sought is "mandatory," that is, if it prohibits the agency from collecting the debt prior to the agency's consideration of the request for waiver or review (see *Califano* v. *Yamasaki*, 442 U.S. 682 (1979)), then collection action must be suspended until either (1) the agency has considered the request for waiver/review, or (2) the applicable time limit for making the waiver/review request, as prescribed in the agency's regulations, has expired and the debtor, upon proper notice, has not made such request.

(b) If the applicable waiver/review statute is "permissive," that is, if it does not require all requests for waiver/review to be considered, and if it does not prohibit collection action pending consideration of a waiver/review request (for example, 5 U.S.C. 5584), collection action may be suspended pending agency action on a waiver/review request based upon appropriate consideration, on a case-by-case basis, as to whether:

(1) There is a reasonable possibility that waiver will be granted, or that the debt (in whole or in part) will be found not owing from the debtor;

(2) The Government's interests would be protected, if suspension were granted, by reasonable assurance that the debt could be recovered if the debtor does not prevail; and

(3) Collection of the debt will cause undue hardship.

(c) If the applicable statutes and regulations would not authorize refund by the agency to the debtor of amounts collected prior to agency consideration of the debtor's waiver/review request in the event the agency acts favorably on it, collection action should ordinarily be suspended, without regard to the factors specified in paragraph (b) of this section, unless it appears clear, based on the request and the surrounding circumstances, that the request is frivolous and was made primarily to delay collection.

§ 20.27 Cooperation with other DOL agencies and federal agencies.

(a) Appropriate use should be made of the cooperative efforts of other DOL agencies and Federal agencies in effecting collection by administrative offset. Generally, agencies should comply with requests from other agencies to initiate administrative offset to collect debts owed to the United States, unless the requesting agency has not complied with the applicable regulations or the request would otherwise be contrary to law or the best interests of the United States.

(b) Unless otherwise prohibited by law, a DOL agency may request that monies due and payable to a debtor by another DOL agency or a Federal agency outside the Department be administratively offset in order to collect debts owed the creditor DOL agency by the debtor. In requesting an administrative offset, the creditor DOL agency must provide the DOL agency or other Federal agency holding funds of the debtor with written certification stating (1) that the debtor owes the creditor agency a debt (including the amount of debt); and (2) that the creditor agency has complied with the applicable Federal Claims Collection Standards, including any hearing or review.

§20.28 DOL agency as organization holding funds of the debtor.

(a) Whenever a DOL agency is holding funds of a debtor from which administrative offset is sought by another DOL agency or other Federal agency, the DOL agency holding funds should not initiate the requested offset until it has been provided by the creditor organization with an appropriate written certification that the debtor owes a debt (including the amount) and that applicable provisions of the Federal Claims Collection Standards have been fully complied with.

(b) Moreover, the DOL agency holding funds of the debtor should determine whether collection by offset would be in the best interests of the United States; for example, if the debtor is a contractor for the DOL agency holding funds, whether administrative offset would impair the contractor's ability to perform under the terms of the contract. The creditor organization should be notified promptly of the determination.

§ 20.29 Notice of offset.

Prior to effecting an administrative offset, the agency holding funds of a debtor should advise the debtor of the impending offset. This notice should state that the debtor has been provided his/her rights under the Federal Claims Collection Standards, that a determination has been made that collection by administrative offset would be in the best interests of the United States, the amount of the offset, and the source of funds from which the offset will be made.

§ 20.30 Multiple debts.

When collecting multiple debts by administrative offset, agencies should apply the recovered amounts to those debts, in accordace with the best interests of the Unted States, as determined by the facts and circumstances of the particular case, paying special attention to applicable statutes of limitations.

§ 20.31 Administrative offset against amounts payable from Civil Service Retirement and Disability fund.

(a) Unless otherwise prohibited by law, agencies may request that moneys which are due and payable to a debtor from the Civil Service Retirement and Disability Fund be administratively offset in reasonable amounts in order to collect debts owed to the United States by the debtor. Such requests shall be made to the appropriate officials of the Office of Personnel Management in accordance with such regulations as may be prescribed by the Director of that Office.

(b) When making a request for administrative offset under paragraph (a) of this section, an agency shall include a written certification that:

(1) The debtor owes the United States a debt, including the amount of the debt;

(2) The requesting agency has complied with all applicable statutes, regulations, and procedures of the Office of Personnel Management; and

(3) The requesting agency has complied with the requirements of the applicable provisions of the Federal Claims Collection Standards, including any required hearing or review.

(c) Once an agency decides to request administrative offset under paragraph (a) of this section, it should make the request as soon as practical after completion of the applicable due process procedures in order that the Office of Personnel Management may identify and "flag" the debtor's account in anticipation of the time when the debtor becomes eligible and requests to receive payments from the Fund. This will satisfy any requirement that offset be initiated prior to expiration of the applicable statute of limitations. At such time as the debtor makes a claim for payments from the Fund, if at least a year has elapsed since the offset request was originally made, the debtor should be permitted to offer a satisfactory repayment plan in lieu of offset upon establishing that changed financial circumstances would render the offset unjust.

(d) In accordance with procedures established by the Office of Personnel Management, agencies may request an offset from the Civil Service Retirement and Disability Fund prior to completion of due process procedures.

(e) If the requesting agency collects part or all of the debt by other means before deductions are made or completed pursuant to paragraph (a) of this section, the agency shall act promptly to modify or terminate its request for offset under paragraph (a).

§ 20.32 Liquidation of collateral.

An agency holding security or collateral which may be liquidated and the proceeds applied on debts due it through the exercise of a power of sale in the security instrument or a nonjudicial foreclosure should do so by such procedures if the debtor fails to pay the debt within a reasonable time after demand, unless the cost of disposing of the collateral will be disproportionate to its value or special circumstances require judicial foreclosure. The agency should provide the debtor with reasonable notice of the sale, an accounting of any surplus proceeds, and any other procedures required by contract or law. Collection from other sources, including liquidation of security or collateral, is not a prerequisite to requiring payment by a surety or insurance concern unless such action is expressly required by statute or contract.

§ 20.33 Collection in installments.

(a) Whenever feasible, and except as otherwise provided by law, debts owed to the United States, together with interest, penalties, and administrative costs should be collected in full in one lump sum. This is true whether the debt is being collected by administrative offset or by another method, including voluntary payment. However, if the debtor is financially unable to pay the indebtedness in one lump sum, payment may be accepted in regular installments. Agencies should obtain and may require financial statements from debtors who represent that they are unable to pay the debt in one lump sum. Agencies which agree to accept payment in regular installments should obtain a legally enforceable written agreement from the debtor which specifies all of the terms of the arrangement and which contains a provision accelerating the debt in the event the debtor defaults. The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. If possible, the installment payments should be sufficient in size and frequency to liquidate the Government's claim in not more than 3 years. Installment payment of less than $50 per month should be accepted only if justifiable on the grounds of financial hardship or for some other reasonable cause. An agency holding an unsecured claim for administrative collection should attempt to obtain an executed confess-judgment note, comparable to the Department of Justice Form USA-70a, from a debtor when the total amount of the deferred installments will exceed $750. Such notes may be sought when an unsecured obligation of a lesser amount is involved. When attempting to obtain confess-judgment notes, agencies should provide their debtors with written explanation of the consequences of signing the note, and should maintain documentation sufficient to demonstrate that the debtor has signed the note knowingly and voluntarily. Security for deferred payments other than a confess-judgment note may be accepted in appropriate cases. An agency may accept installment payments notwithstanding the refusal of a debtor to execute a confess-judgment note or to give other security, at the agency's option.

(b) If the debtor owes more than one debt and designates how a voluntary installment payment is to be applied as among those debts, that designation must be followed. If the debtor does not designate the application of the payment, agencies should apply payments to the various debts in accordance with the best interests of the United States, as determined by the facts and circumstances of the particular case, paying special attention to applicable statutes of limitations.

§ 20.34 Exclusions.

(a) Agencies are not authorized by section 10 of the Debt Collection Act of 1982 (31 U.S.C. 3716) to use administrative offset with respect to (1) debts owed by any State or local Government; (2) debts arising under or payments made under the Social Security Act, the Internal Revenue Code of 1954, or the tariff laws of the United States; or (3) any case in which collection of the type of debt involved by administrative offset is explicitly provided for or prohibited by another statute. However, unless otherwise provided by contract or law, debts or payments which are not subject to administrative offset under 31 U.S.C. 3716 may be collected by administrative offset under the common law or other applicable statutory authority, pursuant to this paragraph or agency regulations established pursuant to such other statutory authority.

(b) This section should not be construed as prohibiting use of these authorities or requirements when collecting debts owed by persons employed by agencies administering the laws cited in the preceding paragraph unless the debt "arose under" those laws.

(c) Collection by offset against a judgment obtained by a debtor against the United States shall be accomplished in accordance with 31 U.S.C. 3728.

§ 20.35 Additional administrative collection action.

Nothing contained in this subpart is intended to preclude the utilization of any other administrative remedy which may be available.

§ 20.36 Prior provision of rights with respect to debt.

To the extent that the rights of the debtor in relation to the same debt have been previously provided under some other statutory or regulatory authority, the agency is not required to duplicate those efforts before taking administrative offset.

§ 20.37 Responsibilities of the Assistant Secretary for Administration and Management.

The Assistant Secretary for Administration and Management, or his or her designee, shall provide appropriate and binding written or other guidance to Department of Labor agencies and officials in carrying out this subpart, including the issuance of guidelines and instructions, which he or she may deem appropriate. The Assistant Secretary shall also take such administrative steps as may be appropriate to carry out the purposes and ensure the effective implementation of this regulation.

Subpart C—Interest, Penalties and Administrative Costs

§ 20.50 Purpose and scope.

The regulations in this subpart establish the policies and procedures to implement section 11 of the Debt Collection Act of 1982 (Pub. L. 97-365), 31 U.S.C. 3717. Among other things, this statute authorizes the head of each agency to assess interest, penalties and administrative costs against debtors with respect to delinquent debts arising under the agency's program. This subpart establishes the standards and procedures that will be followed by the Department of Labor in assessing such charges.

§ 20.51 Exemptions.

(a) The provisions of 31 U.S.C. 3717 do not apply:

(1) To debts owed by any State or local government;

(2) To debts arising under contracts which were executed prior to, and were in effect on (i.e., were not completed as of), October 25, 1982;

(3) To debts where an applicable statute, regulation required by statute, loan agreement, or contract either prohibits such charges or explicitly fixes the charges that apply to the debts involved; or

(4) To debts arising under the Social Security Act, the Internal Revenue Code of 1954, or the tariff laws of the United States.

(b) Agencies are authorized to assess interest and related charges on debts which are not subject to 31 U.S.C. 3717 to the extent authorized under the common law or other applicable statutory authority.

§ 20.52 Definitions.

For purposes of this subpart—

(a) The terms "claim" and "debt" are deemed synonymous and interchangeable. They refer to an amount of money or property which has been determined by an appropriate agency official to be owed to the United States from any person, organization or entity, except another federal agency.

(b) A debt is considered delinquent if it has not been paid by the date specified in the agency's initial demand letter (§ 20.54), unless satisfactory payment arrangements have been made by that date, or if, at any time thereafter, the debtor fails to satisfy his obligations under payment agreement with the Department of Labor, or any agency thereof.

§ 20.53 Agency responsibilities.

(a) The Department of Labor agency responsible for administering the program under which a delinquent debt arose shall assess interest and related charges on the debt, in accordance with guidelines established by the Assistant Secretary for Administration and Management. In the case where a debt arises under the program of two or more Department of Labor agencies, or in such other instances as the Assistant Secretary for Administration and Management, or his or her designee, may deem appropriate, the Assistant Secretary, or his or her designee, may determine which agency, or official, shall have responsibility for carrying out the provisions of this subpart.

(b) Before assessing any charges on a delinquent debt, the responsible agency must notify the debtor of the Department's policies for assessing interest, penalties and administrative costs and must ensure that the debt is overdue for the respective periods specified in these regulations.

(c) Each Department of Labor agency is responsible for ensuring the continued accuracy of calculations and records relating to its assessment of charges, and for the prompt notification of the debtor of any substantial change in the status or amount of the claim. As appropriate, the Agencies should promptly follow up on any allegation made by a debtor that principal or charges is in error. Agencies should respond promptly to communication from the debtor, within 30 days whenever feasible.

§ 20.54 Notification of charges.

The agency head (or designee) responsible for carrying out the provisions of this subpart shall mail or hand-deliver an initial demand for payment to the debtor. In the initial demand, the debtor shall be notified that interest on the debt will start to accrue from the date on which the notice is mailed or hand-delivered, but that payment of interest will be waived if the debt is paid by the due date, or within 30 days of the date of notice, if no due date is specified. The initial demand shall also state that administrative costs of recovering the delinquent debt will be assessed if payment is not received by the due date.

§ 20.55 Second and subsequent notifications.

(a) In accordance with guidelines established by the Assistant Secretary for Administration and Management, the responsible agency head (or designee) shall send progressively stronger second and subsequent demands for payment, if payment or other appropriate response is not received within the time specified by the initial demand. Unless a response to the first or second demand indicates that a further demand would be futile or the debtor's response does not require rebuttal, the second and subsequent demands shall generally be made at 30 day intervals from the first, and shall state that a 6 percent per annum penalty will be assessed after the debt has been delinquent 90 days, accruing from the date it became delinquent.

The second and subsequent demands shall also identify the amount of interest then accrued on the debt, as well as administrative costs thus far assessed. In determining the timing of the demand letters, agencies should give due regard to the need to act promptly so that, as a general rule, if necessary to refer the debt to the Department of Justice for litigation, such referral can be made within one year of the final determination of the fact and the amount of the debt. When the agency head (or designee) deems it appropriate to protect the government's interests (for example, to prevent the statute of limitations 28 U.S.C. 2415, from expiring), written demand may be preceded by other appropriate actions, including immediate referral for litigation.

(b) Agencies shall also include in their demand letters the notice provisions to debtors required by other regulations of the Labor Department, pertaining to waiver of the indebtedness, administrative offset, salary offset and disclosure of information to credit reporting agencies, to the extent that such inclusion is appropriate and practicable.

§ 20.56 Delivery of notices.

The responsible agency head (or designee) shall exercise due care to ensure that demand letters are dated and mailed or hand-delivered on the same day that they are actually dated. If evidence suggests that the debtor is no longer located at the address of record, reasonable action shall be taken to obtain a current address.

§ 20.57 Accrual of interest.

Interest shall accrue from the date on which notice of the debt and the interest requirements is first mailed or hand-delivered to the debtor, using the most current address that is available to the agency.

§ 20.58 Rate of interest.

(a) The rate of interest assessed shall be the rate of the current value of funds to the United States Treasury as published in the FEDERAL REGISTER (as of the date the notice is sent), unless another rate is specified by statute, regulations or preexisting contract condition. The Office of the Assistant Secretary for Administration and Management will notify agencies promptly of the current Treasury rate. The responsible agency may assess a higher rate of interest if it reasonably determines that a higher rate is necessary to protect the interests of the United States, and such rate is agreed to by the Assistant Secretary for Administration and Management (or his designee). The rate of interest prescribed in section 6621 of the Internal Revenue Code shall be sought for backwages recovered in litigation by the Department.

(b) The rate of interest as initially assessed shall remain fixed for the duration of the indebtedness, except that where a debtor has defaulted on a repayment agreement and seeks to enter into a new agreement, the agency may set a new interest rate which reflects the current value of funds to the Treasury at the time the new agreement is executed.

(c) Interest shall not be assessed on interest, penalties or administrative costs required by this subpart. However, if the debtor defaults on a previous repayment agreement, charges which accrued but were not collected under the defaulted agreement shall be added to the principal to be paid under a new repayment agreement.

§ 20.59 Assessment of administrative costs.

(a) The Department of Labor agency responsible for collecting the claim shall assess against debtors charges to cover administrative costs incurred as a result of the delinquent debt; that is, the additional costs incurred in processing and handling the debt because it became delinquent. Calculation of administrative costs shall be based on cost analyses establishing an average of actual additional costs incurred by the agency in processing and handling claims against other debtors in similar stages of delinquency.

(b) In addition to assessing the costs listed in the administrative cost fee schedule, the responsible agency may include the costs incurred in obtaining a credit report or in using a private debt collector, to the extent they are attributable to delinquency.

(c) The Assistant Secretary for Administration and Management shall issue each year a schedule providing the costs associated with various common activities required to collect delinquent debts.

§ 20.60 Application of partial payments to amounts owed.

When a debt is paid in partial or installment payments, amounts received by the responsible agency should be applied first to outstanding penalty and administrative cost charges, second to accrued interest, and third to outstanding principal.

§ 20.61 Waiver.

(a) The Department of Labor agency responsible for collecting the claim shall waive the collection of interest on the debt or any portion of the debt which is paid within 30 days after the date on which interest began to accrue. This 30-day period may be extended for another 30 days on a case-by-case basis, if the agency reasonably determines that such action is appropriate, and is in accordance with these regulations. Also, the responsible agency may waive charges assessed under this subpart, based on criteria specified in the Federal Claims Collection Standards relating to the compromise of claims (without regard to the amount of the debt), or if the agency determines that collection of these charges would be against equity and good conscience or not be in the best interests of the United States. Waiver under the first sentence of this paragraph is mandatory. Under the second and third sentences waiver is permissive and may be exercised only in accordance with the standards set by these regulations.

(b) Agencies may waive interest and other charges under appropriate circumstances, including, for example, (1) pending consideration of a request for reconsideration, administrative review, or waiver under a permissive statute, (2) if the agency has accepted an installment plan, there is no fault or lack of good faith on the part of the debtor, and the amount of interest is large enough in relation to the size of the debt and the amount of the installments that the debtor can reasonably afford to pay so that the debt can never be repaid, or (3) if repayment of the full amount of the debt is made after the date upon which interest and other charges became payable and the estimated costs of recovering the residual interest balance exceed the amount owed the Agency.

(c) Where a mandatory waiver or review statute applies, interest and related charges may not be assessed for those periods during which collection action must be suspended.

§ 20.62 Responsibilities of the Assistant Secretary for Administration and Management.

The Assistant Secretary for Administration and Management, or his or her designee, shall provide appropriate and binding written or other guidance to Department of Labor agencies and officials in carrying out this subpart, including the issuance of guidelines and instructions, which he or she may deem appropriate. The Assistant Secretary shall also take such administrative steps as may be appropriate to carry out the purposes and ensure the effective implementation of this regulation.

PART 24—PROCEDURES FOR THE HANDLING OF DISCRIMINATION COMPLAINTS UNDER FEDERAL EMPLOYEE PROTECTION STATUTES

Sec.

24.1 Purpose and scope.
24.2 Obligations and prohibited acts.
24.3 Complaint.
24.4 Investigations.
24.5 Hearings.
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24.7 Judicial review.
24.8 Enforcement proceedings.
24.9 Exception.

AUTHORITY: 42 U.S.C. 300j-9(i); 33 U.S.C. 1367; 15 U.S.C. 2622; 42 U.S.C. 6971; 42 U.S.C. 7622; 42 U.S.C. 5851.

SOURCE: 45 FR 1836, Jan. 8, 1980, unless otherwise noted.

§ 24.1 Purpose and scope.

(a) This part implements the several Federal employee protection provisions for which the Secretary of Labor has been given responsibility pursuant to the following statutes: Safe Drinking Water Act, 42 U.S.C. 300j-9(i); Water Pollution Control Act, 33 U.S.C. 1367; Toxic Substances Control Act, 15 U.S.C. 2622; Solid Waste Disposal Act, 42 U.S.C. 6971; Clean Air Act, 42 U.S.C. 7622; Energy Reorganization Act of 1974, 42 U.S.C. 5851.

(b) Procedures are established by this part pursuant to the federal statutory provisions listed above, for the expeditious handling of complaints by employees, or persons acting on their behalf, of discriminatory action by employers.

§ 24.2 Obligations and prohibited acts.

(a) The several statutory employee protection provisions listed in § 24.1, provide that no employer subject to the provisions of the Federal statute of which these protective provisions are a part may discharge any employee or otherwise discriminate against any employee with respect to the employee's compensation, terms, conditions, or privileges of employment because the employee, or any person acting pursuant to the employee's request, engaged in any of the activities specified in paragraph (b) of this section.

(b) Any person is deemed to have violated the particular federal law and these regulations if such person intimidates, threatens, restrains, coerces, blacklists, discharges, or in any other manner discriminates against any employee who has:

(1) Commenced, or caused to be commenced, or is about to commence or cause to be commenced a proceeding under one of the Federal statutes listed in § 24.1 or a proceeding for the administration or enforcement of any requirement imposed under such Federal statute;

(2) Testified or is about to testify in any such proceeding; or

(3) Assisted or participated, or is about to assist or participate in any manner in such a proceeding or in any other action to carry out the purposes of such Federal statute.

§ 24.3 Complaint.

(a) *Who may file.* An employee who believes that he or she has been discriminated against by an employer in violation of any of the statutes listed in § 24.1(a) may file, or have another person file on his or her behalf, a complaint alleging such discrimination.

(b) *Time of filing.* Any complaint shall be filed within 30 days after the occurrence of the alleged violation. For the purpose of determining timeliness of filing, a complaint filed by mail shall be deemed filed as of the date of mailing.

(c) *Form of complaint.* No particular form of complaint is required, except that a complaint must be in writing and should include a full statement of the acts and omissions, with pertinent dates, which are believed to constitute the violation.

(d) *Place of filing.* A complaint may be filed in person or by mail with the Office of the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor. The address of the Administrator's office is Room S3502, 200 Constitution Avenue NW., Washington, D.C. 20210. A complaint may also be filed at any local office of the Wage and Hour Division. The address of such local offices may be found in local telephone directories.

§ 24.4 Investigations

(a) Upon receipt of a complaint under this part, the Administrator shall notify the person named in the complaint, and the appropriate office of the Federal agency charged with the administration of the affected program of its filing.

(b) The Administrator shall, on a priority basis, investigate and gather data concerning such case, and as part of the investigation may enter and inspect such places and records (and make copies thereof), may question persons being proceeded against and other employees of the charged employer, and may require the production of any documentary or other evidence deemed necessary to determine whether a violation of the law involved has been committed.

(c) Investigations under this part shall be conducted in a manner which protects the confidentiality of any person other than the complainant who provides information on a confidential basis, in accordance with Part 70 of this title.

(d)(1) Within 30 days of the receipt of a complaint, the Administrator shall complete the investigation, determine whether the alleged violation has occurred, and give notice of the determination which shall contain a statement of reasons for the findings and conclusions therein. Notice of the determination shall be given by certified mail to the complainant, the respondent, and to their representatives. At the same time the Administrator shall file with the Chief Administrative Law Judge, U.S. Department of Labor, the original complaint and a copy of the notice of determination.

(2)(i) If on the basis of the investigation the Administrator determines that the complaint is without merit, the notice of determination shall include, or be accompanied by notice to the complainant that the notice of determination shall become the final order of the Secretary denying the complaint unless within five calendar days of its receipt the complainant files with the Chief Administrative Law Judge a request by telegram for a hearing on the complaint. The notice shall give the address of the Chief Administrative Law Judge.

(ii) Copies of any request for a hearing shall be sent by the complainant to the respondent (employer) and to the Administrator.

(3)(i) If on the basis of the investigation the Administrator determines that the alleged violation has occurred, the notice of determination shall include an appropriate order to abate the violation, and notice to the respondent that the order shall become the final order of the Secretary unless within five calendar days of its receipt the respondent files with the Chief Administrative Law Judge a request by telegram for a hearing. An order issued pursuant to this subsection shall be in accordance with the relevant provisions of the statute violated. The notice shall give the address of the Chief Administrative Law Judge.

(ii) Copies of any request for a hearing shall be sent by the respondent (employer) to the complainant and to the Administrator.

§ 24.5 Hearings.

(a) *Notice of hearing.* The administrative law judge to whom the case is assigned shall within seven calendar days following receipt of the request for hearing, notify the parties by certified mail, directed to the last known address of the parties, of a day, time and place for hearing. All parties shall be given at least five days notice of such hearing. However, because of the time constraints imposed upon the Secretary by the above statutes, no requests for postponement shall be granted except for compelling reasons.

(b) *Consolidated hearings.* When two or more hearings are to be held, and the same or substantially similar evidence is relevant and material to the matters at issue at each such hearing, the Chief Administrative Law Judge may, upon motion by any party or on his own or her own motion, order that a consolidated hearing be conducted. Where consolidated hearings are held, a single record of the proceedings shall be made and the evidence introduced in one case may be considered as introduced in the others, and a separate or joint decision shall be made, as appropriate.

(c) *Place of hearing.* The hearing shall, where possible, be held at a place within 75 miles of the complainant's residence.

(d) *Right to counsel.* In all proceedings under this part, the parties shall have the right to be represented by counsel.

(e) *Procedures, evidence and record*—(1) *Evidence.* Formal rules of evidence shall not apply, but rules or principles designed to assure production of the most probative evidence available shall be applied. The administrative law judge may exclude evidence which is immaterial, irrelevant, or unduly repetitious.

(2) *Record of hearing.* All hearings shall be open to the public and shall be mechanically or stenographically reported. All evidence upon which the administrative law judge relies for decision shall be contained in the transcript of testimony, either directly or

by appropriate reference. All exhibits and other pertinent documents or records, either in whole or in material part, introduced as evidence, shall be marked for identification and incorporated into the record.

(3) *Oral argument; briefs.* Any party, upon request, may be allowed a reasonable time for presentation of oral argument and to file a prehearing brief or other written statement of fact or law. A copy of any such prehearing brief or other written statement shall be filed with the Chief Administrative Law Judge or the administrative law judge assigned to the case before or during the proceeding at which evidence is submitted to the administrative law judge and shall be served upon each other party. Posthearing briefs will not be permitted except at the request of the administrative law judge. When permitted, any such brief shall be limited to the issue or issues specified by the administrative law judge and shall be due within the time prescribed by the administrative law judge.

(4) *Dismissal for cause.* (i) The administrative law judge may, at the request of any party, or on his or her own motion, dismiss a claim

(A) Upon the failure of the complainant or his or her representative to attend a hearing without good cause;

(B) Upon the failure of the complainant to comply with a lawful order of the administrative law judge.

(ii) In any case where a dismissal of a claims, defense, or party is sought, the administrative law judge shall issue an order to show cause why the dismissal should not be granted and afford all parties a reasonable time to respond to such order. After the time for response has expired, the administrative law judge shall take such action as is appropriate to rule on the dismissal, which may include an order dismissing the claim, defense or party.

§ 24.6 Decisions and orders.

(a) *Recommended decision.* The administrative law judge shall issue a recommended decision within 20 days after the termination of the proceeding at which evidence was submitted. The recommended decision shall contain appropriate findings, conclusions and a recommended order and be forwarded, together with the record, to the Secretary of Labor for a final order. The recommended decision shall be served upon all parties to the proceeding.

(b) *Final order.* (1) Within 90 days after receipt of a complaint, the Secretary of Labor shall issue a final order, based on the record and the recommended decision of the administrative law judge, which shall be served upon all of the parties.

(2) If the Secretary concludes that the party charged has violated the law, the final order shall order the party charged to take appropriate affirmative action to abate the violation, including reinstatement of the complainant to that person's former or substantially equivalent position, if desired, together with the compensation (including back pay), terms, conditions, and privileges of that employment. The Secretary may, where deemed appropriate, order the party charged to provide compensatory damages to the complainant.

(3) *Costs.* If such a final order is issued, the Secretary, at the request of the complainant, shall assess against the respondent a sum equal to the aggregate amount of all costs and expenses (including attorney and expert witness fees) reasonably incurred by the complainant, as determined by the Secretary, for, or in connection with, the bringing of the complaint upon which the final order was issued.

(4) *Dismissals.* If the Secretary determines that the party charged has not violated the law, an order shall be issued denying the complaint.

§ 24.7 Judicial review.

(a) Within 60 days after the issuance of a final order under § 24.6, above, any person adversely affected or aggrieved by such order may file a petition for review of the order in the United States court of appeals for the circuit in which the violation with respect to which the order was issued allegedly occurred. The commencement of proceedings under this subsection shall not, unless ordered by the court, operate as a stay of the Secretary's order.

(b) An order of the Secretary with respect to which review could have been obtained under paragraph (a) shall not be subject to judicial review in any criminal or other civil proceeding.

(c) *Certification of Record for Judicial Review.* The record of a case, including the record of proceedings before the administrative law judge, shall be transmitted by the Secretary to the appropriate court pursuant to the rules of such court.

§ 24.8 Enforcement proceedings.

(a) Whenever a person has failed to comply with a final order issued by the Secretary of Labor under § 24.6, above, the Secretary may file a civil action in the United States district court for the district in which the violation was found to occur to enforce such order. In actions brought under this section, the district courts shall have jurisdiction to grant to all appropriate relief including, but not limited to, injunctive relief, compensatory and exemplary damages.

(b)(1) Any person on whose behalf a final order was issued by the Secretary of Labor under § 24.6, above, may commence a civil action against the person to whom such order was issued to require compliance with such order. The appropriate United States district court shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce such order.

(2) The court, in issuing any final order under this section may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines such award is appropriate.

(c) Any nondiscretionary duty imposed by this section shall be enforceable in a mandamus proceeding brought under section 1361 of Title 28 of the United States Code.

§ 24.9 Exception.

This part shall have no application to any employee alleging activity prohibited by this part who, acting without direction from his or her employer (or the employer's agent), deliberately causes a violation of any requirement of a Federal statute listed in § 24.1, above.

PART 25—RULES FOR THE NOMINATION OF ARBITRATORS UNDER SECTION 11 OF EXECUTIVE ORDER 10988

Sec.

25.1 Purpose and scope.
25.2 Definitions.
25.3 Requests for nomination of arbitrators: Filing, disputes, parties, time.
25.4 Contents of requests; service on other parties; answer; intervention.
25.5 Action to be taken by the Secretary; nomination and selection.
25.6 Time; additional time after service by mail.
25.7 Fees; cost; expenses; decisions.
25.8 Construction of rules.

AUTHORITY: Sec. 11, E.O. 10988, 3 CFR 1959-1963 Comp. p. 521.

SOURCE: 25 FR 9441, Sept. 13, 1966, unless otherwise noted.

§ 25.1 Purpose and scope.

These procedures govern the nomination of arbitrators by the Secretary to perform the advisory functions specified under section 11 of Executive Order 10988. Any arbitrators so nominated will be available for either or both of the following purposes: (a) To investigate the facts and issue an advisory decision with respect to the appropriateness of a unit of Federal employees for the purpose of exclusive recognition and as to related issues submitted for consideration; or (b) to determine and advise whether an employee organization represents a majority of employees in an appropriate unit by conducting or supervising an election (wherein a majority of those voting, provided there is a representative vote, cast their ballots for or against representation), or by other appropriate means. A request for a nomination will be considered as contemplating the performance of functions within the above categories if it specifies as a purpose obtaining an advisory decision on one or more questions involved in a unit determination or determination of majority status, such as an advisory decision on the eligibility of voters or the right to appear on the ballot, arising in connection with an election to be held, or on a question relating to matters affecting the results of an election which took place after the agreement to conduct the election had been entered into, provided such conduct materially affected the results of the election. Subject to compliance with these procedures, the Secretary will nominate an arbitrator whenever he is so requested by an agency or by an employee organization which is seeking recognition as the exclusive representative of Federal employees in a prima facie appropriate unit and which meets all the prerequisites for seeking such recognition.

§ 25.2 Definitions.

When used in these procedures:

(a) "Order" means Executive Order No. 10988;

(b) "Agency", "employee organization", and "employee" have the same meaning as in the Order;

(c) "Recognition" means recognition which is or may be accorded to an employee organization pursuant to the provisions of the Order;

(d) "Secretary" means the Secretary of Labor.

§ 25.3 Requests for nomination of arbitrators: Filing, disputes, parties, time.

(a) Requests for nominations should be filed only where there exists a dispute or problem which cannot more appropriately be resolved through regular agency procedures. Parties, therefore, are expected to eliminate from their requests matters not necessary to the resolution of such dispute or problem and to use their best efforts to secure agreement on as many issues as possible before making the request.

(b) Requests for nominations may be filed either by an agency, or by an employee organization as described in § 25.1, or jointly by an agency and one or more employee organizations. Joint requests are encouraged.

(c) Subject to the provisions of paragraph (a) of this section, the Secretary will entertain on its merits a request by an employee organization for nomination of an arbitrator on a question of unit determination which is made within 30 days after receipt of an agency's final unit determination or 75 days after an appropriate request for exclusive recognition and no final unit determination has been received from the agency, provided the organization has observed any reasonable time limits established by the agency for the processing of such requests within the agency. The Secretary will entertain on its merits a request by an employee organization for nomination of an arbitrator on a question of majority representation which is made within 15 days after an agency's decision with respect to a determination of majority representation. Any request by an employee organization for the nomination of an arbitrator will be considered untimely if:

(1) A written request for exclusive recognition was not made prior to the grant of such recognition to another organization provided such grant was preceded by posted notice to all employees in the unit and written notice to all organizations known to represent such employees that a request for exclusive recognition was under consideration.

(2) A written request for exclusive recognition was not made within 5 days after the agency posted appropriate notice of its intention to conduct an election to determine majority status, or more than 10 days before the date of the election.

(3) It was made less than 12 months after an agency's final unit determination with respect to such unit or subdivision thereof in a proceeding in which the organization sought exclusive recognition but failed to file a timely request for arbitration under these rules.

(4) It was made less than 12 months after a unit determination following a section 11 proceeding covering such unit or any subdivision thereof.

(5) The time limits set forth in this paragraph will be applied to all requests filed on or after October 15, 1963.

(d) No request contemplating an advisory determination as to whether an employee organization should become or continue to be recognized as the exclusive representative of employees in any unit will be entertained if the request is filed within 12 months after a prior determination of exclusive status has been made pursuant to the Order with respect to such unit unless the agency has withdrawn exclusive recognition from an employee organization by reason of its failure to maintain its compliance with sections 2 and 3(a) of the Order or with the Standards of Conduct for Employee Organizations and Code of Fair Labor Practices and the agency advises the Secretary that it has no objection to a new determination of exclusive representation being made within the 12-month period.

(e) No request contemplating an advisory determination as to whether an employee organization should become or continue to be recognized as the exclusive representative of employees in any unit will be entertained during the period within which a signed agreement between an agency and an employee organization is in force or awaiting approval at a higher management level, but not to exceed an agreement period of two years, unless (1) a request for redetermination is filed with the agency between the 90th and 60th day prior to the terminal date of such agreement or two years, whichever is earlier, or (2) unusual circumstances exist which will substantially affect the unit or the majority representation. When an agreement has been extended more than 60 days before its terminal date, such extension shall not serve as a basis for the denial of a request under this section submitted in accordance with the time limitations provided above.

[28 FR 9941, Sept. 13, 1963, as amended at 29 FR 11972, Aug. 21, 1964]

§ 25.4 Contents of requests; service on other parties; answer; intervention.

(a) Requests for nominations[1] shall be in triplicate and contain the following information:

(1) The name of the agency and the name and address of any office or branch of the agency below the national level that may be involved;

(2) A description of the unit appropriate for exclusive representation or claimed to be appropriate for such representation;

(3) The number of employees in the appropriate unit or any alleged appropriate unit;

(4) If the request is by an employee organization, the name, affiliation, if any, and address of the organization and the names, if known, of all other employee organizations claiming exclusive recognition, or having requested or attained formal or informal recognition with respect to any of the employees in the unit involved;

(5) If the request is by an agency, the names, affiliation, if any, and addresses of the employee organization or organizations claiming exclusive recognition and of any employee organization which has requested or attained formal or informal recognition with respect to any of the employees in the unit involved;

(6) A brief statement indicating specifically the matter or matters with respect to which an advisory decision or determination is sought;

(7) A brief statement of procedures followed by and before the agency prior to the request, two copies of any appropriate agency determination and two copies of all correspondence relating to the dispute or problem;

(8) If the request is made by an employee organization, an indication of the interest of such organization, including information or data such as membership lists, employee petitions or dues records showing prima facie that the organization has sufficient membership to qualify for formal recognition, and that it represents no less than 30 percent of the employees, in the appropriate unit or alleged appropriate unit; and

(9) Any other relevant facts.

(b) A party making a request shall furnish copies to all other parties or organizations listed in the request in compliance with paragraph (a) of this section; except that membership lists, employee petitions or dues records need not be furnished by the requesting employee organization to the other parties or organizations.

(c) Any employee organization claiming to have an interest in the matter or matters to be considered by an arbitrator as to the appropriateness of a unit or majority representation must have advised the agency of its position, in the manner prescribed by the agency's rules, and must have satisfied all of the requirements of section 5 of the Order and paragraph (a)(8) of this section; except that, in any employee organization which has satisfied all of the requirements of section 5 of the Order except for the 10 percent membership requirement shall be entitled to receive notice of the proceeding and to participate therein if it represents at least two members and/or is designated by at least two employees as their representative in the unit alleged to be appropriate by the employee organization seeking exclusive recognition or the unit alleged to be appropriate by the agency, provided, however, that such intervening employee organization may not request a unit different than that sought by the employee organization seeking exclusive recognition or the unit claimed to be appropriate by the agency.

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[1] Requests should be on forms which will be supplied by the Secretary upon request.

(d) Within fifteen (15) days following the receipt of a copy of any request for a nomination filed with the Secretary, the agency or any employee organization may file a response thereto with the Secretary, raising any matter which is relevant to the request including the adequacy of the showing of interest and the appropriateness of the unit under terms of the Order or these procedures. A copy of any response shall be furnished to other parties and organizations listed in the request, in the manner provided in paragraph (b) of this section.

§ 25.5 Action to be taken by the Secretary; nomination and selection.

(a) Upon receipt of a request and the responses, if any, the Secretary shall make such further inquiries as may be necessary to determine his authority under the Order and these procedures; whether a timely request for nomination has been made; whether a valid question concerning representation exists in a prima facie appropriate unit; or for the purpose of obtaining a further specification of the issues or matters to be submitted for an advisory decision or determination, or assisting or advising the persons nominated or considered for nomination or otherwise facilitating submission of the matter to such person or persons in a manner that will permit an expeditious decision or determination.

(b) The Secretary will determine the adequacy of the showing of interest administratively, and such determination shall not be subject to collateral attack at a hearing before an arbitrator.

(c) The Secretary shall nominate not less than three arbitrators. Within 5 days the parties may indicate their order of preference from among those nominated. The Secretary will thereafter make a selection from among the nominees listed.

§ 25.6 Time; additional time after service by mail.

(a) In computing any period of time prescribed or allowed by the rules of this part, the date of the act, event, or default after which the designated period of time begins to run, is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, Sunday or a Federal legal holiday, in which event the period runs until the end of the next day which is neither a Saturday, Sunday nor a Federal legal holiday. When the period of time prescribed, or allowed, is less than 7 days, intermediate Saturdays, Sundays and holidays shall be excluded from the computations. Whenever a party has the right or is required to do some act or take some other proceedings within a prescribed period after service of a notice or other paper upon the Secretary or a party and the notice is served upon him by mail, 3 days shall be added to the prescribed period: *Provided, however,* That 3 days shall not be added if any extension of such time may have been granted.

(b) When these rules require the filing of any paper, such document must be received by the Secretary or a party before the close of business of the last day of the time limit, if any, for such filing or extension of time that may have been granted.

§ 25.7 Fees; cost; expenses; decisions.

(a) Arbitrator's fees, per diem and travel expenses, and election expenses for notices, ballots, postage, rentals, assistance, etc., shall be borne entirely by the agency.

(b) The standard fee for the services of an arbitrator should be $100 per day. Travel and per diem should be paid at the maximum rate payable to Government employees under the Standardized Government Travel Regulations.

(c) The agency should provide the arbitrator with a copy of the transcript of testimony taken at the hearing, such transcript to be returned to the agency upon the issuance of the arbitrator's advisory decision.

(d) Costs involving assistance rendered by the Secretary's Office in connection with advisory decisions or determinations under section 11 of the order shall be limited to per diem, travel expenses and services on a time-worked basis.

(e) Upon request, the Secretary will make available copies of advisory decisions of arbitrators.

§ 25.8 Construction of rules.

The rules shall be liberally construed to effectuate the purposes and provisions of the order.

PART 29—LABOR STANDARDS FOR THE REGISTRATION OF APPRENTICESHIP PROGRAMS

Sec.

29.1 Purpose and scope.
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29.8 Reinstatement of program registration.
29.9 Hearings.
29.10 Limitations.
29.11 Complaints.
29.12 Recognition of State agencies.
29.13 Derecognition of State agencies.

AUTHORITY: Sec. 1, 50 Stat. 664, as amended (29 U.S.C. 50; 40 U.S.C. 276c; 5 U.S.C. 301); Reorganization Plan No. 14 of 1950, 64 Stat. 1267 (5 U.S.C. App., p. 534).

SOURCE: 42 FR 10139, Feb. 18, 1977, unless otherwise noted.

§ 29.1 Purpose and scope.

(a) The National Apprenticeship Act of 1937, section 1 (29 U.S.C. 50), authorizes and directs the Secretary of Labor "to formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices, to extend the application of such standards by encouraging the inclusion thereof in contracts of apprenticeship, to bring together employers and labor for the formulation of programs of apprenticeship, to cooperate with State agencies engaged in the formulation and promotion of standards of apprenticeship, and to cooperate with the Office of Education under the Department of Health, Education, and Welfare * * *." Section 2 of the Act authorizes the Secretary of Labor to "publish information relating to existing and proposed labor standards of apprenticeship," and to "appoint national advisory committees * * *." (29 U.S.C. 50a).

(b) The purpose of this part is to set forth labor standards to safeguard the welfare of apprentices, and to extend the application of such standards by prescribing policies and procedures concerning the registration, for certain Federal purposes, or acceptable apprenticeship programs with the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training. These labor standards, policies and procedures cover the registration, cancellation and deregistration or apprenticeship programs and of apprenticeship agreements; the recognition of a State agency as the appropriate agency for registering local apprenticeship programs for certain Federal purposes; and matters relating thereto.

(c) For further information about this Part 29, contact: Deputy Administrator, Bureau of Apprenticeship and Training, Employment and Training Administration, Room 5000, Patrick Henry Building, Washington, D.C. 20213, Telephone number (202) 376-6585.

§ 29.2 Definitions.

As used in ths part:

(a) "Department" shall mean the U.S. Department of Labor.

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(b) "Secretary" shall mean the Secretary of Labor or any person specifically designated by him.

(c) "Bureau" shall mean the Bureau of Apprenticeship and Training, Employment and Training Administration.

(d) "Administrator" shall mean the Administrator of the Bureau of Apprenticeship and Training, or any person specifically designated by him.

(e) "Apprentice" shall mean a worker at least 16 years of age, except where a higher minimum age standard is otherwise fixed by law, who is employed to learn a skilled trade as defined in § 29.4 under standards of apprenticeship fulfilling the requirements of § 29.5.

(f) "Apprenticeship program" shall mean a plan containing all terms and conditions for the qualification, recruitment, selection, employment and training of apprentices, including such matters as the requirement for a written apprenticeship agreement.

(g) "Sponsor" shall mean any person, association, committee, or organization operating an apprenticeship program and in whose name the program is (or is to be) registered or approved.

(h) "Employer" shall mean any person or organization employing an apprentice whether or not such person or organization is a party to an apprenticeship agreement with the apprentice.

(i) "Apprenticeship committee" shall mean those persons designated by the sponsor to act for it in the administration of the program. A committee may be "joint," i.e., it is composed of an equal number of representatives of the employer(s) and of the employees represented by a bona fide collective bargaining agent(s) and has been established to conduct, operate, or administer an apprenticeship program and enter into apprenticeship agreements with apprentices. A committee may be "unilateral" or "non-joint" and shall mean a program sponsor in which a bona fide collective bargaining agent is not a participant.

(j) "Apprenticeship agreement" shall mean a written agreement between an apprentice and either his employer, or an apprenticeship committee acting as agent for employer(s), which agreement contains the terms and conditions of the employment and training of the apprentice.

(k) "Federal purposes" includes any Federal contract, grant, agreement or arrangement dealing with apprenticeship; and any Federal financial or other assistance, benefit, privilege, contribution, allowance, exemption, preference or right pertaining to apprenticeship.

(l) "Registration of an apprenticeship program" shall mean the acceptance and recording of such program by the Bureau of Apprenticeship and Training, or registration and/or approval by a recognized State Apprenticeship Agency, as meeting the basic standards and requirements of the Department for approval of such program for Federal purposes. Approval is evidenced by a Certificate of Registration or other written indicia.

(m) "Registration of an apprenticeship agreement" shall mean the acceptance and recording thereof by the Bureau or a recognized State Apprenticeship Agency as evidence of the participation of the apprentice in a particular registered apprenticeship program.

(n) "Certification" shall mean written approval by the Bureau of:

(1) A set of apprenticeship standards developed by a national committee or organization, joint or unilateral, for policy or guideline use by local affiliates, as substantially conforming to the standards of apprenticeship set forth in § 29.5; or

(2) An individual as eligible for probationary employment as an apprentice under a registered apprenticeship program.

(o) "Recognized State Apprenticeship Agency" or "recognized State Apprenticeship Council" shall mean an organization approved by the Bureau as an agency or council which has been properly constituted under an acceptable law or Executive order, and has been approved by the Bureau as the appropriate body for State registration and/or approval of local apprenticeship programs and agreements for Federal purposes.

(p) "State" shall mean any of the 50 States of the United States, the District of Columbia, or any territory or possession of the United States.

(q) "Related instruction" shall mean an organized and systematic form of instruction designed to provide the apprenticeship with knowledge of the theoretical and technical subjects related to his/her trade.

(r) "Cancellation" shall mean the termination of the registration or approval status of a program at the request of the sponsor or termination of an apprenticeship agreement at the request of the apprentice.

(s) "Registration agency" shall mean the Bureau or a recognized State Apprenticeship Agency.

§ 29.3 Eligibility and procedure for Bureau registration of a program.

(a) Eligibility for various Federal purposes is conditioned upon a program's conformity with apprenticeship program standards published by the Secretary of Labor in this part. For a program to be determined by the Secretary of Labor as being in conformity with these published standards the program must be registered with the Bureau or registered with and/or approved by a State Apprenticeship Agency or Council recognized by the Bureau. Such determination by the Secretary is made only by such registration.

(b) No apprenticeship program or agreement shall be eligible for Bureau registration unless (1) it is in conformity with the requirements of this part and the training is in an apprenticeable occupation having the characteristics set forth in § 29.4 herein, and (2) it is in conformity with the requirements of the Department's regulation on "Equal Employment Opportunity in Apprenticeship and Training" set forth in 29 CFR Part 30, as amended.

(c) Except as provided under paragraph (d) of this section, apprentices must be individually registered under a registered program. Such registration may be effected:

(1) By filing copies of each apprenticeship agreement; or

(2) Subject to prior Bureau approval, by filing a master copy of such agreement followed by a listing of the name, and other required data, of each individual when apprenticed.

(d) The names of persons in their first 90 days of probationary employment as an apprentice under an apprenticeship program registered by the Bureau or a recognized State Apprenticeship Agency, if not individually registered under such program, shall be submitted immediately after employment to the Bureau or State Apprenticeship Agency for certification to establish the apprentice as eligible for such probationary employment.

(e) The appropriate registration office must be promptly notified of the cancellation, suspension, or termination of any apprenticeship agreement, with cause for same, and of apprenticeship completions.

(f) Operating apprenticeship programs when approved by the Bureau shall be accorded registration evidenced by a Certificate of Registration. Programs approved by recognized State Apprenticeship Agencies shall be accorded registration and/or approval evidenced by a similar certificate or other written indicia. When approved by the Bureau, national apprenticeship standards for policy or guideline use shall be accorded certification, evidenced by a certificate attesting to the Bureau's approval.

(g) Any modification(s) or change(s) to registered or certified programs shall be promptly submitted to the registration office and, if approved, shall be recorded and acknowledged as an amendment to such program.

(h) Under a program proposed for registration by an employer or employers' association, where the standards, collective bargaining agreement or other instrument, provides for participation by a union in any manner in the operation of the substantive matters of the apprenticeship program, and such participation is exercised, written acknowledgement of union agreement or "no objection" to the registration is required. Where no such participation is evidenced and practiced, the employer or employers' association shall simultaneously furnish to the union, if any, which is the collective bargaining agent of the employees to be trained, a copy of its appplication for registration and of the apprenticeship program. The registration agency shall provide a reasonable time period of not less than 30 days nor more than 60 days for receipt of union comments, if any, before final action on the application for registration and/or approval.

(i) Where the employees to be trained have no collective bargaining agent, an apprenticeship program may be proposed for registration by an employer or group of employers.

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[42 FR 10139, Feb. 18, 1977; 42 FR 30836, June 17, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

§ 29.4 Criteria for apprenticeable occupations.

An apprenticeable occupation is a skilled trade which possesses all of the following characteristics:

(a) It is customarily learned in a practical way through a structured, systematic program of on-the-job supervised training.

(b) It is clearly identified and commonly recognized throughout an industry.

(c) It involves manual, mechanical or technical skills and knowledge which require a minimum of 2,000 hours of on-the-job work experience.

(d) It requires related instruction to supplement the on-the-job training.

§ 29.5 Standards of apprenticeship.

An apprenticeship program, to be eligible for registration/approval by a registration/approval agency, shall conform to the following standards:

(a) The program is an organized, written plan embodying the terms and conditions of employment, training, and supervision of one or more apprentices in the apprenticeable occupation, as defined in this part, and subscribed to by a sponsor who has undertaken to carry out the apprentice training program.

(b) The program standards contain the equal opportunity pledge prescribed in 29 CFR 30.3(b) and, when applicable, an affirmative action plan in accordance with 29 CFR 30.4, a selection method authorized in 29 CFR 30.5, or similar requirements expressed in a State Plan for Equal Employment Opportunity in Apprenticeship adopted pursuant to 29 CFR Part 30 and approved by the Department, and provisions concerning the following:

(1) The employment and training of the apprentice in a skilled trade;

(2) A term of apprenticeship, not less than 2,000 hours of work experience, consistent with training requirements as established by industry practice;

(3) An outline of the work processes in which the apprentice will receive supervised work experience and training on the job, and the allocation of the approximate time to be spent in each major process;

(4) Provision for organized, related and supplemental instruction in technical subjects related to the trade. A minimum of 144 hours for each year of apprenticeship is recommended. Such instruction may be given in a classroom through trade or industrial courses, or by correspondence courses of equivalent value, or other forms of self-study approved by the registration/approval agency.

(5) A progressively increasing schedule of wages to be paid the apprentice consistent with the skill acquired. The entry wage shall be not less than the minimum wage prescribed by the Fair Labor Standards Act, where applicable, unless a higher wage is required by other applicable Federal law, State law, respective regulations, or by collective bargaining agreement;

(6) Periodic review and evaluation of the apprentice's progress in job performance and related instruction; and the maintenance of appropriate progress records;

(7) The numeric ratio of apprentices to journeymen consistent with proper supervision, training, safety, and continuity of employment, and applicable provisions in collective bargaining agreements, except where such ratios are expressly prohibited by the collective bargaining agreements. The ratio language shall be specific and clear as to application in terms of jobsite, work force, department or plant;

(8) A probationary period reasonable in relation to the full apprenticeship term, with full credit given for such period toward completion of apprenticeship;

(9) Adequate and safe equipment and facilities for training and supervision, and safety training for apprentices on the job and in related instruction;

(10) The minimum qualifications required by a sponsor for persons entering the apprenticeship program, with an eligible starting age not less than 16 years;

(11) The placement of an apprentice under a written apprenticeship agreement as required by the State apprenticeship law and regulation, or the Bureau where no such State law or regulation exists. The agreement shall directly, or by reference, incorporate the standards of the program as part of the agreement;

(12) The granting of advanced standing or credit for previously acquired experience, training, or skills for all applicants equally, with commensurate wages for any progression step so granted;

(13) Transfer of employer's training obligation when the employer is unable to fulfill his obligation under the apprenticeship agreement to another employer under the same program with consent of the apprentice and apprenticeship committee or program sponsor;

(14) Assurance of qualified training personnel and adequate supervision on the job;

(15) Recognition for successful completion of apprenticeship evidenced by an appropriate certificate;

(16) Identification of the registration agency;

(17) Provision for the registration, cancellation and deregistration of the program; and requirement for the prompt submission of any modification or amendment thereto;

(18) Provision for registration of apprenticeship agreements, modifications, and amendments; notice to the registration office of persons who have successfully completed apprenticeship programs; and notice of cancellations, suspensions and terminations of apprenticeship agreements and causes therefor;

(19) Authority for the termination of an apprenticeship agreement during the probationary period by either party without stated cause;

(20) A statement that the program will be conducted, operated and administered in conformity with applicable provisions of 29 CFR Part 30, as amended, or a State EEO in apprenticeship plan adopted pursuant to 29 CFR Part 30 and approved by the Department;

(21) Name and address of the appropriate authority under the program to receive, process and make disposition of complaints;

(22) Recording and maintenance of all records concerning apprenticeship as may be required by the Bureau or recognized State Apprenticeship Agency and other applicable law.

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[42 FR 10139, Feb. 18, 1977; 42 FR 30836, June 17, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

§ 29.6 Apprenticeship agreement.

The apprenticeship agreement shall contain explicitly or by reference:

(a) Names and signatures of the contracting parties (apprentice, and the program sponsor or employer), and the signature of a parent or guardian if the apprentice is a minor.

(b) The date of birth of apprentice.

(c) Name and address of the program sponsor and registration agency.

(d) A statement of the trade or craft in which the apprentice is to be trained, and the beginning date and term (duration) of apprenticeship.

(e) A statement showing (1) the number of hours to be spent by the apprentice in work on the job, and (2) the number of hours to be spent in related and supplemental instruction which is recommended to be not less than 144 hours per year.

(f) A statement setting forth a schedule of the work processes in the trade or industry divisions in which the apprentice is to be trained and the approximate time to be spent at each process.

(g) A statement of the graduated scale of wages to be paid the apprentice and whether or not the required school time shall be compensated.

(h) Statements providing:

(1) For a specific period of probation during which the apprenticeship agreement may be terminated by either party to the agreement upon written notice to the registration agency;

(2) That, after the probationary period, the agreement may be cancelled at the request of the apprentice, or may be suspended, cancelled, or terminated by the sponsor, for good cause, with due notice to the apprentice and a reasonable opportunity for corrective action, and with written notice to the apprentice and to the registration agency of the final action taken.

(i) A reference incorporating as part of the agreement the standards of the apprenticeship program as it exists on the date of the agreement and as it may be amended during the period of the agreement.

(j) A statement that the apprentice will be accorded equal opportunity in all phases of apprenticeship employment and training, without discrimination because of race, color, religion, national origin, or sex.

(k) Name and address of the appropriate authority, if any, designated under the program to receive, process and make disposition of controversies or differences arising out of the apprenticeship agreement when the controversies or differences cannot be adjusted locally or resolved in accordance with the established trade procedure or applicable collective bargaining provisions.

(Approved by the Office of Management and Budget under OMB control no. 1205-0223)

[42 FR 10139, Feb. 18, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

§ 29.7 Deregistration of Bureau-registered program.

Deregistration of a program may be effected upon the voluntary action of the sponsor by a request for cancellation of the registration, or upon reasonable cause, by the Bureau instituting formal deregistration proceedings in accordance with the provisions of this part.

(a) *Request by sponsor.* The registration officer may cancel the registration of an apprenticeship program by written acknowledgment of such request stating, but not limited to, the following matters:

(1) The registration is canceled at sponsor's request, and effective date thereof;

(2) That, within 15 days of the date of the acknowledgment, the sponsor shall notify all apprentices of such cancellation and the effective date; that such cancellation automatically deprives the apprentice of his/her individual registration; and that the deregistration of the program removes the apprentice from coverage for Federal purposes which require the Secretary of Labor's approval of an apprenticeship program.

(b) *Formal deregistration*—(1) *Reasonable cause.* Deregistration proceedings may be undertaken when the apprenticeship program is not conducted, operated, and administered in accordance with the registered provisions or the requirements of this part, except that deregistration proceedings for violation of equal opportunity requirements shall be processed in accordance with the provisions under 29 CFR Part 30, as amended;

(2) Where it appears the program is not being operated in accordance with the registered standards or with requirements of this part, the registration officer shall so notify the program sponsor in writing;

(3) The notice shall (i) be sent by registered or certified mail, with return receipt requested; (ii) state the shortcoming(s) and the remedy required; and (iii) state that a determination of reasonable cause for deregistration will be made unless corrective action is effected within 30 days;

(4) Upon request by the sponsor for good cause, the 30-day term may be extended for another 30 days. During the period for correction, the sponsor shall be assisted in every reasonable way to achieve conformity;

(5) If the required correction is not effected within the allotted time, the registration officer shall send a notice to the sponsor, by registered or certified mail, return receipt requested, stating the following:

(i) The notice is sent pursuant to this subsection;

(ii) Certain deficiencies (stating them) were called to sponsor's attention and remedial measures requested, with dates of such occasions and letters; and that the sponsor has failed or refused to effect correction;

(iii) Based upon the stated deficiencies and failure of remedy, a determination of reasonable cause has been made and the program may be deregistered unless, within 15 days of the receipt of this notice, the sponsor requests a hearing;

(iv) If a request for a hearing is not made, the entire matter will be submitted to the Administrator, BAT, for a decision on the record with respect to deregistration.

(6) If the sponsor has not requested a hearing, the registration officer shall transmit to the Administrator, BAT, a report containing all pertinent facts and circumstances concerning the nonconformity, including the findings and recommendation for deregistration, and copies of all relevant documents and records. Statements concerning interviews, meetings and conferences shall include the time, date, place, and persons present. The Administrator shall make a final order on the basis of the record before him.

(7) If the sponsor requests a hearing, the registration officer shall transmit to the Secretary, through the Administrator, a report containing all the data listed in paragraph (b)(6) of this section. The Secretary shall convene a hearing in accordance with § 29.9; and shall make a final decision on the basis of the record before him including the proposed findings and recommended decision of the hearing officer.

(8) At his discretion, the Secretary may allow the sponsor a reasonable time to achieve voluntary corrective action. If the Secretary's decision is that the apprenticeship program is not operating in accordance with the registered provisions or requirements of this part, the apprenticeship program shall be deregistered. In each case in which reregistration is ordered, the Secretary shall make public notice of the order and shall notify the sponsor.

(9) Every order of deregistration shall contain a provision that the sponsor shall, within 15 days of the effective date of the order, notify all registered apprentices of the deregistration of the program; the effective date thereof; that such cancellation automatically deprives the apprentice or his/her individual registration; and that the deregistration removes the apprentice from coverage for Federal purposes which require the Secretary of Labor's approval of an apprenticeship program.

(Approved by the Office of Management and Budget under OMB control no. 1205-0223)

[42 FR 10319, Feb. 18, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

§ 29.8 Reinstatement of program registration.

Any apprenticeship program deregistered pursuant to this part may be reinstated upon presentation of adequate evidence that the apprenticeship program is operating in accordance with this part. Such evidence shall be presented to the Administrator, BAT, if the sponsor had not requested a hearing, or to the Secretary, if an order of deregistration was entered pursuant to a hearing.

§ 29.9 Hearings.

(a) Within 10 days of his receipt of a request for a hearing, the Secretary shall designate a hearing officer. The hearing officer shall give reasonable notice of such hearing by registered mail, return receipt requested, to the appropriate sponsor. Such notice shall include (1) a reasonable time and place of hearing, (2) a statement of the provisions of this part pursuant to which the hearing is to be held, and (3) a concise statement of the matters pursuant to which the action forming the basis of the hearing is proposed to be taken.

(b) The hearing officer shall regulate the course of the hearing. Hearings shall be informally conducted. Every party shall have the right to counsel, and a fair opportunity to present his/her case, including such cross-examination as may be appropriate in the circumstances. Hearings officers shall make their proposed findings and recommended decisions to the Secretary upon the basis of the record before them.

§ 29.10 Limitations.

Nothing in this part or in any apprenticeship agreement shall operate to invalidate:

(a) Any apprenticeship provision in any collective bargaining agreement between employers and employees establishing higher apprenticeship standards; or

(b) Any special provision for veterans, minority persons or females in the standards, apprentice qualifications or operation of the program, or in the apprenticeship agreement, which is not otherwise prohibited by law, Executive order, or authorized regulation.

§ 29.11 Complaints.

(a) This section is not applicable to any complaint concerning discrimination or other equal opportunity matters; all such complaints shall be submitted, processed and resolved in accordance with applicable provisions in 29 CFR Part 30, as amended, or applicable provisions of a State Plan for Equal Employment Opportunity in Apprenticeship adopted pursuant to 29 CFR Part 30 and approved by the Department.

(b) Except for matters described in paragraph (a) of this section, any controversy or difference arising under an apprenticeship agreement which cannot be adjusted locally and which is not covered by a collective bargaining agreement, may be submitted by an apprentice, or his/her authorized representative, to the appropriate registration authority, either Federal or State, which has registered and/or approved the program in which the apprentice is enrolled, for review. Matters covered by a collective bargaining agreement are not subject to such review.

(c) The complaint, in writing and signed by the complainant, or authorized representative, shall be submitted within 60 days of the final local decision. It shall set forth the specific matter(s) complained of, together with all relevant facts and circumstances. Copies of all pertinent documents and correspondence shall accompany the complaint.

(d) The Bureau or recognized State Apprenticeship Agency, as appropriate, shall render an opinion within 90 days after receipt of the complaint, based upon such investigation of the matters submitted as may be found necessary, and the record before it. During the 90-day period, the Bureau or State agency shall make reasonable efforts to effect a satisfactory resolution between the parties involved. If so resolved, the parties shall be notified that the case is closed. Where an opinion is rendered, copies of same shall be sent to all interested parties.

(e) Nothing in this section shall be construed to require an apprentice to use the review procedure set forth in this section.

(f) A State Apprenticeship Agency may adopt a complaint review procedure differing in detail from that given in this section provided it is proposed and has been approved in the recognition of the State Apprenticeship Agency accorded by the Bureau.

§ 29.12 Recognition of State agencies.

(a) The Secretary's recognition of a State Apprenticeship Agency or Council (SAC) gives the SAC the authority to determine whether an apprenticeship program conforms with the Secretary's published standards and the program is, therefore, eligible for those Federal purposes which require such a determination by the Secretary. Such recognition of a SAC shall be accorded by the Secretary upon submission and approval of the following:

(1) An acceptable State apprenticeship law (or Executive order), and regulations adopted pursuant thereto;

(2) Acceptable composition of the State Apprenticeship Council (SAC);

(3) An acceptable State Plan for Equal Employment Opportunity in Apprenticeship;

(4) A description of the basic standards, criteria, and requirements for program registration and/or approval; and

(5) A description of policies and operating procedures which depart from

or impose requirements in addition to those prescribed in this part.

(b) *Basic requirements.* Generally the basic requirements under the matters covered in paragraph (a) of this section shall be in conformity with applicable requirements as set forth in this part. Acceptable State provisions shall:

(1) Establish the apprenticeship agency in (i) the State Department of Labor, or (ii) in that agency of State government having jurisdiction of laws and regulations governing wages, hours, and working conditions, or (iii) that State agency presently recognized by the Bureau, with a State official empowered to direct the apprenticeship operation;

(2) Require that the State Apprenticeship Council be composed of persons familiar with apprenticeable occupations and an equal number of representatives of employer and of employee organizations and may include public members who shall not number in excess of the number named to represent either employer or employee organizations. Each representative so named shall have one vote. Ex officio members may be added to the council but they shall have no vote except where such members have a vote according to the established practice of a presently recognized council. If the State official who directs the apprenticeship operation is a member of the council, provision may be made for the official to have a tie-breaking vote;

(3) Clearly delineate the respective powers and duties of the State official and of the council;

(4) Clearly designate the officer or body authorized to register and deregister apprenticeship programs and agreements;

(5) Establish policies and procedures to promote equality of opportunity in apprenticeship programs pursuant to a State Plan for Equal Employment Opportunity in Apprenticeship which adopts and implements the requirements of 29 CFR Part 30, as amended, and to require apprenticeship programs to operate in conformity with such State Plan and 29 CFR Part 30, as amended;

(6) Prescribe the contents of apprenticeship agreements;

(7) Limit the registration of apprenticeship programs to those providing training in "apprenticeable" occupations as defined in § 29.4;

(8) Provide that apprenticeship programs and standards of employers and unions in other than the building and construction industry, which jointly form a sponsoring entity on a multistate basis and are registered pursuant to all requirements of this part by any recognized State Apprenticeship Agency/Council or by the Bureau, shall be accorded registration or approval reciprocity by any other State Apprenticeship Agency/Council or office of the Bureau if such reciprocity is requested by the sponsoring entity;

(9) Provide for the cancellation, deregistration and/or termination of approval of programs, and for temporary suspension, cancellation, deregistration and/or termination of approval of apprenticeship agreements; and

(10) Provide that under a program proposed for registration by an employer or employers' association, and where the standards, collective bargaining agreement or other instrument provides for participation by a union in any manner in the operation of the substantive matters of the apprenticeship program, and such participation is exercised, written acknowledgment of union agreement or "no objection" to the registration is required. Where no such participation is evidenced and practiced, the employer or employers' association shall simultaneously furnish to the union, if any, which is the collective bargaining agent of the employees to be trained, a copy of its application for registration and of the apprenticeship program. The State agency shall provide a reasonable time period of not less than 30 days nor more than 60 days for receipt of union comments, if any, before final action on the application for registration and/or approval.

(c) *Application for recognition.* A State Apprenticeship Agency/Council desiring recognition shall submit to the Administrator, BAT, the documentation specified in § 29.12(a) of this part. A currently recognized Agency/Council desiring continued recognition by the Bureau shall submit to the Administrator the documentation specified in § 29.12(a) of this part on or before July 18, 1977. An extension of time within which to comply with the requirements of this part may be granted by the Administrator for good cause upon written request by the State agency but the Administrator shall not extend the time for submission of the documentation required by § 29.12(a). The recognition of currently recognized Agencies/Councils shall continue until July 18, 1977 and during any extension period granted by the Administrator.

(d) *Appeal from denial of recognition.* The denial by the Administrator of a State agency's application for recognition under this part shall be in writing and shall set forth the reasons for the denial. The notice of denial shall be sent to the applicant by certified mail, return receipt requested. The applicant may appeal such a denial to the Secretary by mailing or otherwise furnishing to the Administrator, within 30 days of receipt of the denial, a notice of appeal addressed to the Secretary and setting forth the following items:

(1) A statement that the applicant appeals to the Secretary to reverse the Administrator's decision to deny its application;

(2) The date of the Administrator's decision and the date the applicant received the decision;

(3) A summary of the reasons why the applicant believes that the Administrator's decision was incorrect;

(4) A copy of the application for recognition and subsequent modifications, if any;

(5) A copy of the Administrator's decision of denial. Within 10 days of receipt of a notice of appeal, the Secretary shall assign an Administrative Law Judge to conduct hearings and to recommend findings of fact and conclusions of law. The proceedings shall be informal, witnesses shall be sworn, and the parties shall have the right to counsel and of cross-examination.

The Administrative Law Judge shall submit the recommendations and conclusions, together with the entire record to the Secretary for final decision. The Secretary shall make his final decision in writing within 30 days of the Administrative Law Judge's submission. The Secretary may make a decision granting recognition conditional upon the performance of one or more actions by the applicant. In the event of such a conditional decision, recognition shall not be effective until the applicant has submitted to the Secretary evidence that the required actions have been performed and the Secretary has communicated to the applicant in writing that he is satisfied with the evidence submitted.

(e) *State apprenticeship programs.* (1) An apprenticeship program submitted for registration with a State Apprenticeship Agency recognized by the Bureau shall, for Federal purposes, be in conformity with the State apprenticeship law, regulations, and with the State Plan for Equal Employment Opportunity in Apprenticeship as submitted to and approved by the Bureau pursuant to 29 CFR 30.15, as amended;

(2) In the event that a State Apprenticeship Agency is not recognized by the Bureau for Federal purposes, or that such recognition has been withdrawn, or if no State Apprenticeship Agency exists, registration with the Bureau may be requested. Such registration shall be granted if the program is conducted, administered and operated in accordance with the requirements of this part and the equal opportunity regulation in 29 CFR Part 30, as amended.

(Approved by the Office of Management and Budget under OMB control no. 1205-0223)

[42 FR 10319, Feb. 18, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

§ 29.13 Derecognition of State agencies.

The recognition for Federal purposes of a State Apprenticeship Agency or State Apprenticeship Council (hereinafter designated "respondent"), may be withdrawn for the failure to fulfill, or operate in conformity with, the requirements of this part. Derecognition proceedings for reasonable cause shall be instituted in accordance with the following:

(a) Derecognition proceedings for failure to adopt or properly enforce a State Plan for Equal Employment Opportunity in Apprenticeship shall be

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processed in accordance with the procedures prescribed in 29 CFR 30.15.

(b) For causes other than those under paragraph (a) above, the Bureau shall notify the respondent and appropriate State sponsors in writing, by certified mail, with return receipt requested. The notice shall set forth the following:

(1) That reasonable cause exists to believe that the respondent has failed to fulfill or operate in conformity with the requirements of this part;

(2) The specific areas of nonconformity;

(3) The needed remedial measures; and

(4) That the Bureau proposes to withdraw recognition for Federal purposes unless corrective action is taken, or a hearing request mailed, within 30 days of the receipt of the notice.

(c) If, within the 30-day period, respondent:

(1) Complies with the requirements, the Bureau shall so notify the respondent and State sponsors, and the case shall be closed;

(2) Fails to comply or to request a hearing, the Bureau shall decide whether recognition should be withdrawn. If the decision is in the affirmative, the Administrator shall forward all pertinent data to the Secretary, together with the findings and recommendation. The Secretary shall make the final decision, based upon the record before him.

(3) Requests a hearing, the Administrator shall forward the request to the Secretary, and the procedures under § 29.9 shall be followed, with notice thereof to the State apprenticeship sponsors.

(d) If the Secretary determines to withdraw recognition for Federal purposes, he shall notify the respondent and the State sponsors of such withdrawal and effect public notice of such withdrawal. The notice to the sponsors shall state that, 30 days after the date of the Secretary's order withdrawing recognition of the State agency, the Department shall cease to recognize, for Federal purposes, each apprenticeship program registered with the State agency unless, within that time, the State sponsor requests registration with the Bureau. The Bureau may grant the request for registration contingent upon its finding that the State apprenticeship program is operating in accordance with the requirements of this part and of 29 CFR Part 30, as amended. The Bureau shall make a finding on this issue within 30 days of receipt of the request. If the finding is in the negative, the State sponsor shall be notified in writing that the contingent Bureau registration has been revoked. If the finding is in the affirmative, the State sponsor shall be notified in writing that the contingent Bureau registration is made permanent.

(e) If the sponsor fails to request Bureau registration, or upon a finding of noncompliance pursuant to a contingent Bureau registration, the written notice to such State sponsor shall further advise the recipient that any actions or benefits applicable to recognition "for Federal purposes" are no longer available to participants in its apprenticeship program.

(f) Such notice shall also direct the State sponsor to notify, within 15 days, all its registered apprentices of the withdrawal of recognition for Federal purposes; the effective date thereof; and that such withdrawal removes the apprentice from coverage under any Federal provision applicable to his/her individual registration under a program recognized or registered by the Secretary of Labor for Federal purposes.

(g) A State Apprenticeship Agency or Council whose recognition has been withdrawn pursuant to this part may have its recognition reinstated upon presentation of adequate evidence that it has fulfilled, and is operating in accordance with, the requirements of this part.

(Approved by the Office of Management and Budget under OMB control no. 1205-0223)

[42 FR 10139, Feb. 18, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

PART 30—EQUAL EMPLOYMENT OPPORTUNITY IN APPRENTICESHIP AND TRAINING

Sec.
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AUTHORITY: Sec. 1, 50 Stat. 664, as amended; 29 U.S.C. 50; 40 U.S.C. 276c; 5 U.S.C. 301; Reorganization Plan No. 14 of 1950, 64 Stat. 1267, 3 CFR 1949-53 Comp. p. 1007.

SOURCE: 43 FR 20760, May 12, 1978, unless otherwise noted.

§ 30.1 Scope and purpose.

This part sets forth policies and procedures to promote equality of opportunity in apprenticeship programs registered with the U.S. Department of Labor and in state apprenticeship programs registered with recognized state apprenticeship agencies. These policies and procedures apply to the recruitment and selection of apprentices, and to all conditions of employment and training during apprenticeship. The procedures established provide for review of apprenticeship programs, for registering apprenticeship programs, for processing complaints, and for deregistering noncomplying apprenticeship programs. This part also provides policies and procedures for continuation or withdrawal of recognition of state agencies for registering of apprenticeship programs for Federal purposes. The purpose of this part is to promote equality of opportunity in apprenticeship by prohibiting discrimination based on race, color, religion, national origin, or sex in apprenticeship programs by requiring affirmative action to provide equal opportunity in such apprenticeship programs, and by coordinating this part with other equal opportunity programs.

§ 30.2 Definitions.

(a) "Department" means the U.S. Department of Labor.

(b) "Employer" means any person or organization employing an apprentice whether or not the apprentice is enrolled with such person or organization or with some other person or organization.

(c) "Apprenticeship program" means a program registered by the Department and evidenced by a Certificate of Registration as meeting the standards of the Department for apprenticeship, but does not include a state apprenticeship program.

(d) "Sponsor" means any person or organization operating an apprenticeship program, irrespective of whether such person or organization is an employer.

(e) "Secretary" means the Secretary of Labor, the Assistant Secretary of Labor for Employment and Training, or any person specifically designated by either of them.

(f) "State Apprenticeship Council" means a state apprenticeship council or other state agency in any of the 50 states, the District of Columbia, or any territory or possession of the United States, which is recognized by the Department as the appropriate agency for registering programs for Federal purposes.

(g) "State apprenticeship program" means a program registered with a State Apprenticeship Council and evidenced by a Certificate of Registration or other appropriate document as meeting the standards of the State Apprenticeship Council for apprenticeship.

(h) "State program sponsor" means any person or organization operating a State apprenticeship program, irrespective of whether such person or organization is an employer.

§ 30.3 Equal opportunity standards.

(a) *Obligations of sponsors.* Each sponsor of an apprenticeship program shall:

(1) Recruit, select, employ, and train apprentices during their apprenticeship, without discrimination because of race, color, religion, national origin, or sex; and

(2) Uniformly apply rules and regulations concerning apprentices, including but not limited to, equality of wages, periodic advancement, promotion, assignment of work, job performance, rotation among all work processes of the trade, imposition of penalties or other disciplinary action, and all other aspects of the apprenticeship program administration by the program sponsor; and

(3) Take affirmative action to provide equal opportunity in apprenticeship, including adoption of an affirmative action plan as required by this part.

(b) *Equal opportunity pledge.* Each sponsor of an apprenticeship program shall include in its standards the following equal opportunity pledge:

The recruitment, selection, employment, and training of apprentices during their apprenticeship, shall be without discrimination because of race, color, religion, national origin, or sex. The sponsor will take affirmative action to provide equal opportunity in apprenticeship and will operate the apprenticeship program as required under Title 29 of the Code of Federal Regulations, Part 30.

(c) *Programs presently registered.* Each sponsor of a program registered with the Department as of the effective date of this part shall within 90 days of that effective date take the following action:

(1) Include in the standards of its apprenticeship program the equal opportunity pledge prescribed by paragraph (b) of this section;

(2) Adopt an affirmative action plan required by § 30.4; and

(3) Adopt a selection procedure required by § 30.5. A sponsor adopting a selection method under § 30.5(b) (1), (2), or (3) shall prepare, and have available for submission upon request, copies of its amended standards, affirmative action plans, and selection procedure. A sponsor adopting a selection method under § 30.5(b)(4) shall submit to the Department copies of its standards, affirmative action plan and selection procedure in accordance with the requirements of § 30.5(b)(4)(i)(a).

(d) *Sponsors seeking new registration.* A sponsor of a program seeking new registration with the Department shall submit copies of its proposed standards, affirmative action plan, selection procedures, and such other information as may be required. The program shall be registered if such standards, affirmative action plan, and selection procedure meet the requirements of this part.

(e) *Programs subject to approved equal employment opportunity programs.* A sponsor shall not be required to adopt an affirmative action plan under § 30.4 or a selection procedure under § 30.5 if it submits to the Department satisfactory evidence that it is in compliance with an equal employment opportunity program providing for the selection of apprentices and for affirmative action in apprenticeship including goals and timetables for women and minorities which has been approved as meeting the requirements of Title VII of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000e et seq.) and its implementing regulations published in Title 29 of the Code of Federal Regulations, Chapter XIV or Executive Order 11246, as amended, and its implementing regulations at Title 41 of the Code of Federal Regulations, Chapter 60: *Provided,* That programs approved, modified or renewed subsequent to the effective date of this amendment will qualify for this exception only if the goals and timetables for minorities and women for the selection of apprentices provided for in such programs are equal to or greater than the goals required under this part.

(f) *Program with fewer than five apprentices.* A sponsor of a program in which fewer than five apprentices are indentured shall not be required to adopt an affirmative action plan under § 30.4 or a selection procedure under § 30.5: *Provided,* That such program was not adopted to circumvent the requirements of this part.

(Approved by the Office of Management and Budget under OMB control no. 1205-0224)

[43 FR 20760, May 12, 1978, as amended at 49 FR 18295, Apr. 30, 1984]

§ 30.4 Affirmative action plans.

(a) *Adoption of affirmative action plans.* A sponsor's commitment to

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equal opportunity in recruitment, selection, employment, and training of apprentices shall include the adoption of a written affirmative action plan.

(b) *Definition of affirmative action.* Affirmative action is not mere passive nondiscrimination. It includes procedures, methods, and programs for the identification, positive recruitment, training, and motivation of present and potential minority and female (minority and nonminority) apprentices including the establishment of goals and timetables. It is action which will equalize opportunity in apprenticeship so as to allow full utilization of the work potential of minorities and women. The overall result to be sought is equal opportunity in apprenticeship for all individuals participating in or seeking entrance to the Nation's labor force.

(c) *Outreach and positive recruitment.* An acceptable affirmative action plan must also include adequate provision for outreach and positive recruitment that would reasonably be expected to increase minority and female participation in apprenticeship by expanding the opportunity of minorities and women to become eligible for apprenticeship selection. In order to achieve these objectives, sponsors shall undertake activities such as those listed below. It is not contemplated that each sponsor necessarily will include all the listed activities in its affirmative action program. The scope of the affirmative action program will depend on all the circumstances including the size and type of the program and its resources. However, the sponsor will be required to undertake a significant number of appropriate activities in order to enable it to meet its obligations under this part. The affirmative action plan shall set forth the specific steps the sponsor intends to take in the areas listed below. Whenever special circumstances warrant, the Department may provide such financial or other assistance as it deems necessary to implement the requirements of this paragraph.

(1) Dissemination of information concerning the nature of the apprenticeship, requirements for admission to apprenticeship, availability of apprenticeship opportunities, sources of apprenticeship applications, and the equal opportunity policy of the sponsor. For programs accepting applications only at specified intervals, such information shall be disseminated at least 30 days in advance of the earliest date for application at each interval. For programs customarily receiving applications throughout the year, such information shall be regularly disseminated but not less than semiannually. Such information shall be given to the Department, local schools, employment service offices, women's centers, outreach programs and community organizations which can effectively reach minorities and women, and shall be published in newspapers which are circulated in the minority community and among women, as well as in the general areas in which the program sponsor operates.

(2) Participation in annual workshops conducted by employment service agencies for the purpose of familiarizing school, employment service and other appropriate personnel with the apprenticeship system and current opportunities therein.

(3) Cooperation with local school boards and vocational education systems to develop programs for preparing students to meet the standards and criteria required to qualify for entry into apprenticeship programs.

(4) Internal communication of the sponsor's equal opportunity policy in such a manner as to foster understanding, acceptance, and support among the sponsor's various officers, supervisors, employees, and members and to encourage such persons to take the necessary action to aid the sponsor in meeting its obligations under this part.

(5) Engaging in programs such as outreach for the positive recruitment and preparation of potential applicants for apprenticeships; where appropriate and feasible, such programs shall provide for pretesting experience and training. If no such programs are in existence the sponsor shall seek to initiate these programs, or, when available, to obtain financial assistance from the Department. In initiating and conducting these programs, the sponsor may be required to work

with other sponsors and appropriate community organizations. The sponsor shall also initiate programs to prepare women and encourage women to enter traditionally male programs.

(6) To encourage the establishment and utilization of programs of preapprenticeship, preparatory trade training, or others designed to afford related work experience or to prepare candidates for apprenticeship, a sponsor shall make appropriate provision in its affirmative action plan to assure that those who complete such programs are afforded full and equal opportunity for admission into the apprenticeship program.

(7) Utilization of journeypersons to assist in the implementation of the sponsor's affirmative action program.

(8) Granting advance standing or credit on the basis of previously acquired experience, training, skills, or aptitude for all applicants equally.

(9) Admitting to apprenticeship, persons whose age exceeds the maximum age for admission to the program, where such action assists the sponsor in achieving its affirmative action obligations.

(10) Other appropriate action to ensure that the recruitment, selection, employment, and training of apprentices during apprenticeship shall be without discrimination because of race, color, religion, national origin, or sex (e.g., general publication of apprenticeship opportunities and advantages in advertisements, industry reports, articles, etc.; use of present minority and female apprentices and journeypersons as recruiters; career counseling; periodic auditing of affirmative action programs and activities; and development of reasonable procedures between the sponsor and employers of apprentices to ensure that employment opportunity is being granted, including reporting systems, on-site reviews, briefing sessions, etc.). The affirmative action program shall set forth the specific steps the sponsor intends to take, in the above areas, under this paragraph (c). Whenever special circumstances warrant, the Department may provide such financial or other assistance as it deems necessary to implement the above requirements.

(d) *Goals and timetables.* (1) A sponsor adopting a selection method under § 30.5(b) (1) or (2) which determines on the basis of the analysis described in paragraph (e) of this section that it has deficiencies in terms of underutilization of minorities and/or women (minority and nonminority) in the craft or crafts represented by the program shall include in its affirmative action plan percentage goals and timetables for the admission of minority and/or female (minority and nonminority) applicants into the eligibility pool.

(2) A sponsor adopting a selection method under § 30.5(b) (3) or (4) which determines on the basis of the analysis described in paragraph (e) of this section that it has deficiencies in terms of the underutilization of minorities and/or women in the craft or crafts represented by the program shall include in its affirmative action plan percentage goals and timetables for the selection of minority and female (minority and nonminority) applicants for the apprenticeship program.

(3) "Underutilization" as used in this paragraph refers to the situation where there are fewer minorities and/or women (minority and nonminority) in the particular craft or crafts represented by the program than would reasonably be expected in view of an analysis of the specific factors in paragraphs (e) (1) through (5) of this section. Where, on the basis of the analysis, the sponsor determines that it has no deficiencies, no goals and timetables need be established. However, where no goals and timetables are established, the affirmative action plan shall include a detailed explanation why no goals and timetables have been established.

(4) Where the sponsor fails to submit goals and timetables as part of its affirmative action plan or submits goals and timetables which are unacceptable, and the Department determines that the sponsor has deficiencies in terms of underutilization of minorities or women (minority and nonminority) within the meaning of this section, the Department shall establish goals and timetables applicable to the sponsor for the admission of mi-

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nority and female (minority and nonminority) applicants into the eligibility pool or selection of apprentices, as appropriate. The sponsor shall make good faith efforts to attain these goals and timetables in accordance with the requirements of this section.

(e) *Analysis to determine if deficiencies exist.* The sponsor's determination as to whether goals and timetables shall be established, shall be based on an analysis of at least the following factors, which analysis shall be set forth in writing as part of the affirmative action plan.

(1) The size of the working age minority and female (minority and nonminority) population in the program sponsor's labor market area;

(2) The size of the minority and female (minority and nonminority) labor force in the program sponsor's labor market area;

(3) The percentage of minority and female (minority and nonminority) participation as apprentices in the particular craft as compared with the percentage of minorities and women (minority and nonminority) in the labor force in the program sponsor's labor market area;

(4) The percentage of minority and female (minority and nonminority) participation as journeypersons employed by the employer or employers participating in the program as compared with the percentage of minorities and women (minority and nonminority) in the sponsor's labor market area and the extent to which the sponsor should be expected to correct any deficiencies through the achievement of goals and timetables for the selection of apprentices; and

(5) The general availability of minorities and women (minority and nonminority) with present or potential capacity for apprenticeship in the program sponsor's labor market area.

(f) *Establishment and attainment of goals and timetables.* The goals and timetables shall be established on the basis of the sponsor's analyses of its underutilization of minorities and women and its entire affirmative action program. A single goal for minorities and a separate single goal for women is acceptable unless a particular group is employed in a substantially disparate manner in which case separate goals shall be established for such group. Such separate goals would be required, for example, if a specific minority group of women were underutilized even though the sponsor had achieved its standards for women generally. In establishing the goals, the sponsor should consider the results which could be reasonably expected from its good faith efforts to make its overall affirmative action program work. Compliance with these requirements shall be determined by whether the sponsor has met its goals within its timetables, or failing that, whether it has made good faith efforts to meet its goals and timetables. Its "good faith efforts" shall be judged by whether it is following its affirmative action program and attempting to make it work, including evaluation and changes in its program where necessary to obtain the maximum effectiveness toward the attainment of its goals. However, in order to deal fairly with program sponsors, and with women who are entitled to protection under the goals and timetables requirements, during the first 12 months after the effective date of these regulations, the program sponsor would generally be expected to set a goal for women for the entering year class at a rate which is not less than 50 percent of the proportion women are of the workforce in the program sponsor's labor market area and set a percentage goal for women in each class beyond the entering class which is not less than the participation rate of women currently in the preceding class. At the end of the first 12 months after the effective date of these regulations, sponsors are expected to make appropriate adjustments in goal levels. See 29 CFR 30.8(b).

(g) *Data and information.* The Secretary of Labor, or a person or agency designated by the Secretary, shall make available to program sponsors data and information on minority and female (minority and nonminority) labor force characteristics for each Standard Metropolitan Statistical Area and for other special areas as appropriate.

(Approved by the Office of Management and Budget under OMB control no. 1205-0224)

[43 FR 20760, May 12, 1978, as amended at 49 FR 18295, Apr. 30, 1984]

§ 30.5 Selection of apprentices.

(a) *Obligations of sponsors.* In addition to the development of a written affirmative action plan to ensure that minorities and women have an equal opportunity for selection as apprentices and otherwise ensure the prompt achievement of full and equal opportunity in apprenticeship, each sponsor shall further provide in its affirmative action program that the selection of apprentices shall be made under one of the methods specified in the following subparagraphs (1) through (4) of paragraph (b) of this section.

(b) *Selection methods.* The sponsor shall adopt one of the following methods for selecting apprentices:

(1) *Selection on basis of rank from pool of eligible applicants*—(i) *Selection.* A sponsor may select apprentices from a pool of eligible applicants created in accordance with the requirements of subdivision (iii) of this subparagraph on the basis of the rank order of scores of applicants on one or more qualification standards where there is a significant statistical relationship between rank order of scores and performance in the apprenticeship program. In demonstrating such relationship, the sponsor shall follow the procedures set forth in Guidelines on Employee Selection Procedures published at 41 CFR Part 60-3.

(ii) *Requirements.* The sponsor adopting this method of selecting apprentices shall meet the requirements of subdivisions (iii) through (vii) of this subparagraph.

(iii) *Creation of pool of eligibles.* A pool of eligibles shall be created from applicants who meet the qualifications of minimum legal working age; or from applicants who meet qualification standards in addition to minimum legal working age: *Provided,* That any additional qualification standards conform with the following requirements:

(A) *Qualification standards.* The qualification standards, and the procedures for determining such qualification standards, shall be stated in detail and shall provide criteria for the specific factors and attributes to be considered in evaluating applicants for admission to the pool. The score required under each qualification standard for admission to the pool shall also be specified. All qualification standards, and the score required on any standard for admission to the pool, shall be directly related to job performance, as shown by a significant statistical relationship between the score required for admission to the pool, and performance in the apprenticeship program. In demonstrating such relationship, the sponsor shall follow the procedures set forth in 41 CFR Part 60-3. Qualifications shall be considered as separately required so that the failure of an applicant to attain the specified score under a single qualification standard shall disqualify the applicant from admission to the pool.

(B) *Aptitude tests.* Any qualification standard for admission to the pool consisting of aptitude test scores shall be directly related to job performance, as shown by significant statistical relationships between the score on the aptitude tests required for admission to the pool, and performance in the apprenticeship program. In determining such relationship, the sponsor shall follow the procedures set forth in 41 CFR Part 60-3. The requirements of this subparagraph (B) shall also be applicable to aptitude tests utilized by a program sponsor which are administered by a state employment agency, or any other person, agency, or organization engaged in the selection or evaluation of personnel. A national test developed and administered by a national joint apprenticeship committee will not by approved by the Department unless such test meets the requirements of this subsection.

(C) *Educational attainments.* All educational attainments or achievements as qualifications for admission to the pool shall be directly related to job performance as shown by a significant statistical relationship between the score required for admission to the pool and performance in the apprenticeship program. In demonstrating such relationship, the sponsor shall meet the requirements of 41 CFR Part

60-3. School records or a passing grade on the general education development tests recognized by the State or local public instruction authority shall be evidence of educational achievement. Education requirements shall be applied uniformly to all applicants.

(iv) *Oral interviews.* Oral interviews shall not be used as a qualification standard for admission into an eligibility pool. However, once an applicant is placed in the eligibility pool, and prior to selection for apprenticeship from the pool, he or she may be required to submit to an oral interview. Oral interviews shall be limited to such objective questions as may be required to determine the fitness of applicants to enter the apprenticeship program, but shall not include questions relating to qualifications previously determined in gaining entrance to the eligibility pool. When an oral interview is used, each interviewer shall record the questions and the general nature of the applicant's answers, and shall prepare a summary of any conclusions. Each applicant rejected from the pool of eligibles on the basis of an oral interview shall be given a written statement of such rejection, the reasons therefor, and the appeal rights available to the applicant.

(v) *Notification of applicants.* All applicants who meet the requirements for admission shall be notified and placed in the eligibility pool. The program sponsor shall give each rejected applicant who is not selected for the pool or the program notice of his or her rejection, including the reasons for the rejection, the requirements for admission to the pool of eligibles, and the appeal rights available to the applicant.

(vi) *Goals and timetables.* The sponsor shall establish where required by § 30.4(d), percentage goals and timetables for the admission of minorities and women (minority and nonminority) into the pool of eligibles, in accordance with the provisions of § 30.4 (d), (e), and (f).

(vii) *Compliance.* A sponsor shall be deemed to be in compliance with its commitments under subdivision (vi) of this subparagraph if it meets its goals or timetables or if it makes a good faith effort to meet these goals and timetables. In the event of the failure of the sponsor to meet its goals and timetables, it shall be given an opportunity to demonstrate that it has made every "good faith effort" to meet its commitments (see § 30.4(f)). All the actions of the sponsor shall be reviewed and evaluated in determining whether such good faith efforts have been made.

(2) *Random selection from pool of eligible applicants*—(i) *Selection.* A sponsor may select apprentices from a pool of eligible applicants on a random basis. The method of random selection is subject to approval by the Department. Supervision of the random selection process shall be by an impartial person or persons selected by the sponsor, but not associated with the administration of the apprenticeship program. The time and place of the selection, and the number of apprentices to be selected, shall be announced. The place of the selection shall be open to all applicants and the public. The names of apprentices drawn by this method shall be posted immediately following the selection at the program sponsor's place of business.

(ii) *Requirements.* The sponsor adopting this method of selecting apprentices shall meet the requirements of subdivisions (iii) through (v) of subparagraph (1) of this paragraph relating to the creation of pool of eligibles, oral interviews, and notification of applicants.

(iii) *Goals and timetables.* The sponsor shall establish, where required by § 30.4(d), percentage goals and timetables for admission of minorities and women (minority and nonminority) into the pool of eligibles in accordance with the provisions of sections 30.4 (d), (e), and (f).

(iv) *Compliance.* Determinations as to the sponsor's compliance with its obligations under these regulations shall be in accordance with the provisions of subdivision (vii) of subparagraph (1) of this paragraph (b).

(3) *Selection from pool of current employees*—(i) *Selection.* A sponsor may select apprentices from an eligibility pool of the workers already employed by the program sponsor in a manner prescribed by a collective bargaining agreement where such exists,

or by the sponsor's established promotion policy. The sponsor adopting this method of selecting apprentices shall establish goals and timetables for the selection of minority and female apprentices, unless the sponsor concludes, in accordance with the provisions of § 30.4 (d), (e), and (f) that it does not have deficiencies in terms of underutilization of minorities and/or women (minority and nonminority) in the apprenticeship of journeyperson crafts represented by the program.

(ii) *Compliance.* Determinations as to the sponsor's compliance with its obligations under these regulations shall be in accordance with provisions of paragraph (b)(1)(vii) of this section.

(4) *Alternative selection methods*—(i) *Selection.* A sponsor may select apprentices by means of any other method including its present selection method: *Provided,* That the sponsor meets the following requirements:

(A) *Selection method and goals and timetables.* Within 90 days of the effective date of this amendment, the sponsor shall complete development of the revised selection method it proposes to use along with the rest of its written affirmative action program including, where required by § 30.4(d), its percentage goals and timetables for the selection of minority and/or female (minority and nonminority) applicants for apprenticeship and its written analysis, upon which such goals and timetables, or lack thereof, are based. The establishment of goals and timetables shall be in accordance with the provisions of § 30.4 (d), (e), and (f). The sponsor may not implement any such selection method until the Department has approved the selection method as meeting the requirements of item (B) of this subdivision and has approved the remainder of its affirmative action program including its goals and timetables. If the Department fails to act upon the selection method and the affirmative action program within 30 days of its submission, the sponsor then may implement the selection method.

(B) *Qualification standards.* Apprentices shall be selected on the basis of objective and specific qualification standards. Examples of such standards are fair aptitude tests, school diplomas or equivalent, occupationally essential health requirements, fair interviews, school grades, and previous work experience. Where interviews are used, adequate records shall be kept including a brief summary of each interview and the conclusions on each of the specific factors, e.g., motivation, ambition, and willingness to accept direction which are part of the total judgement. In applying any such standards, the sponsor shall meet the requirements of 41 CFR Part 60-3.

(ii) *Compliance.* Determinations as to the sponsor's compliance with its obligations under these regulations shall be in accordance with the provisions of paragraph (b)(1)(vii) of this section. Where a sponsor, despite its good faith efforts, fails to meet its goals and timetables within a reasonable period of time, the sponsor may be required to make appropriate changes in its affirmative action program to the extent necessary to obtain maximum effectiveness toward the attainment of its goals. The sponsor may also be required to develop and adopt an alternative selection method, including a method prescribed by the Department, where it is determined that the failure of the sponsor to meet its goals is attributable in substantial part to the selection method. Where the sponsor's failure to meet its goals is attributable in substantial part to its use of a qualification standard which has adversely affected the opportunities of minorities and/or women (minority and nonminority) for apprenticeship, the sponsor may be required to demonstrate that such qualification standard is directly related to job performance, in accordance with the provisions of paragraph (b)(1)(iii)(A) of this section.

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[43 FR 20760, May 12, 1978, as amended at 49 FR 18295, Apr. 30, 1984]

§ 30.6 Existing lists of eligibles and public notice.

A sponsor adopting a selection method under § 30.5(b) (1) or (2) and a sponsor adopting a selection method under § 30.5(b)(4) who determines that there are fewer minorities and/or women (minority and nonminority) on its existing lists of eligibles than would reasonably be expected in view of the analysis described in § 30.4(e) shall discard all existing eligibility lists upon adoption of the selection methods required by this part. New eligibility pools shall be established and lists of eligibility pools shall be posted at the sponsor's place of business. Sponsors shall establish a reasonable period of not less than 2 weeks for accepting applications for admission to an apprenticeship program. There shall be at least 30 days of public notice in advance of the earliest date for application for admission to the apprenticeship program (see § 30.4(c) on affirmative action with respect to dissemination of information). Applicants who have been placed in a pool of eligibles shall be retained on lists of eligibles subject to selection for a period of 2 years. Applicants may be removed from the list at an earlier date by their request or following their failure to respond to an apprentice job opportunity given by certified mail, return receipt requested. Applicants who have been accepted in the program shall be afforded a reasonable period of time in light of the customs and practices of the industry for reporting for work. All applicants shall be treated equally in determining such period of time. It shall be the responsibility of the applicant to keep the sponsor informed of his or her current mailing address. Upon request, a sponsor may restore to the list of eligibles applicants who have been removed from the list or who have failed to respond to an apprenticeship job opportunity.

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[43 FR 20760, May 12, 1978, as amended at 49 FR 18295, Apr. 30, 1984]

§ 30.7 [Reserved]

§ 30.8 Records.

(a) *Obligations of sponsors.* Each sponsor shall keep adequate records including a summary of the qualifications of each applicant, the basis for evaluation and for selection or rejection of each applicant, the records pertaining to interviews of applicants, the original application for each applicant, information relative to the operation of the apprenticeship program, including but not limited to job assignment, promotion, demotion, layoff, or termination, rates of pay, or other forms of compensation or conditions of work, hours including hours of work and, separately, hours of training provided, and any other records pertinent to a determination of compliance with these regulations, as may be required by the Department. The records pertaining to individual applicants, selected or rejected, shall be maintained in such manner as to permit identification of minority and female (minority and nonminority) participants.

(b) *Affirmative action plans.* Each sponsor must retain a statement of its affirmative action plan required by § 30.4 for the prompt achievement of full and equal opportunity in apprenticeship, including all data and analyses made pursuant to the requirements of § 30.4. Sponsors shall review their affirmative action plans annually and update them where necessary, including the goals and timetables.

(c) *Qualification standards.* Each sponsor must maintain evidence that its qualification standards have been validated in accordance with the requirements set forth in § 30.5(b).

(d) *Records of State Apprenticeship Councils.* State Apprenticeship Councils shall keep adequate records, including registration requirements, individual program standards and registration records, program compliance reviews and investigations, and any other records pertinent to a determination of compliance with this part, as may be required by the Department, and shall report to the Department as may be required by the Department.

(e) *Maintenance of records.* The records required by this part and any other information relevant to compliance with these regulations shall be maintained for 5 years and made available upon request to the Department or other authorized representative.

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[43 FR 20760, May 12, 1978, as amended at 49 FR 18295, Apr. 30, 1984]

§ 30.9 Compliance reviews.

(a) *Conduct of compliance reviews.* The Department will regularly conduct systematic reviews of apprenticeship programs in order to determine the extent to which sponsors are complying with these regulations and will also conduct compliance reviews when circumstances, including receipt of complaints not referred to a private review body pursuant to § 30.11(b)(i), so warrant, and take appropriate action regarding programs which are not in compliance with the requirements of this part. Compliance reviews will consist of comprehensive analyses and evaluations of each aspect of the apprenticeship program, including onsite investigations and audits.

(b) *Reregistration.* Sponsors seeking reregistration shall be subject to a compliance review as described in paragraph (a) of this section by the Department as part of the reregistration process.

(c) *New registrations.* Sponsors seeking new registration shall be subject to a compliance review as described in paragraph (a) of this section by the Department as part of the registration process.

(d) *Voluntary compliance.* Where the compliance review indicates that the sponsor is not operating in accordance with this part, the Department shall notify the sponsor in writing of the results of the review and make a reasonable effort to secure voluntary compliance on the part of the program sponsor within a reasonable time before undertaking sanctions under § 30.13. In the case of sponsors seeking new registration, the Department will provide appropriate recommendations to the sponsor to enable it to achieve compliance for registration purposes.

§ 30.10 Noncompliance with Federal and state equal opportunity requirements.

A pattern or practice of noncompliance by a sponsor (or where the sponsor is a joint apprenticeship committee, by one of the parties represented on such committee) with Federal or state laws or regulations requiring equal opportunity may be grounds for the imposition of sanctions in accordance with § 30.13 if such noncompliance is related to the equal employment opportunity of apprentices and/or graduates of such an apprenticeship program under this part. The sponsor shall take affirmative steps to assist and cooperate with employers and unions in fulfilling their equal employment opportunity obligations.

§ 30.11 Complaint procedure.

(a) *Filing.* (1) Any apprentice or applicant for apprenticeship who believes that he or she has been discriminated against on the basis of race, color, religion, national origin, or sex with regard to apprenticeship or that the equal opportunity standards with respect to his or her selection have not been followed in the operation of an apprenticeship program may, personally or through an authorized representative, file a complaint with the Department, or, at the apprentice's or applicant's election, with a private review body established pursuant to subparagraph (3) of this paragraph. The complaint shall be in writing and shall be signed by the complainant. It must include the name, address and telephone number of the person allegedly discriminated against, the program sponsor involved, and a brief description of the circumstances of the failure to apply the equal opportunity standards provided for in this part.

(2) The complaint must be filed not later than 180 days from the date of the alleged discrimination or specified failure to follow the equal opportunity standards; and, in the case of complaints filed directly with review bodies designated by program sponsors to review such complaints, any referral of such complaint by the complainant to the Department must occur within the time limitation stated above or 30 days from the final decision of such review body, whichever is later. The time may be extended by the Department for good cause shown.

(3) Sponsors are encouraged to establish fair, speedy, and effective procedures for a review body to consider complaints of failure to follow the equal opportunity standards. A private review body established by the pro-

gram sponsor for this purpose should number three or more responsible persons from the community serving in this capacity without compensation. Members of the review body should not be directly associated with the administration of an apprenticeship program. Sponsors may join together in establishing a review body to serve the needs of programs within the community.

(b) *Processing of complaints.* (1)(i) When the sponsor has designated a review body for reviewing complaints, the Department, unless the complainant has indicated otherwise or unless the Department has determined that the review body will not effectively enforce the equal opportunity standards, shall upon receiving a complaint refer it to the review body.

(ii) The Department shall, within 30 days following the referral of a complaint to the review body, obtain reports from the complainant and the review body as to the disposition of the complaint. If the complaint has been satisfactorily adjusted and there is no other indication of failure to apply equal opportunity standards, the case shall be closed and the parties appropriately informed.

(iii) When a complaint has not been resolved by the review body within 90 days or where, despite satisfactory resolution of the particular complaint by the review body, there is evidence that equal opportunity practices of the apprenticeship program are not in accordance with this part, the Department may conduct such compliance review as found necessary, and will take all necessary steps to resolve the complaint.

(2) Where no review body exists, the Department may conduct such compliance review as found necessary in order to determine the facts of the complaint, and obtain such other information relating to compliance with these regulations as the circumstances warrant.

(3) Sponsors shall provide written notice of the above complaint procedure to all applicants for apprenticeship and all apprentices.

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[43 FR 20760, May 12, 1978, as amended at 49 FR 18295, Apr. 30, 1984]

§ 30.12 Adjustments in schedule for compliance review or complaint processing.

If, in the judgment of the Department, a particular situation warrants and requires special processing and either expedited or extended determination, it shall take the steps necessary to permit such determination if it finds that no person or party affected by such determination will be prejudiced by such special processing.

§ 30.13 Sanctions.

(a) Where the Department, as a result of a compliance review or other reason, determines that there is reasonable cause to believe that an apprenticeship program is not operating in accordance with this part and voluntary corrective action has not been taken by the program sponsor, the Department shall institute proceedings to deregister the program or it shall refer the matter to the Equal Employment Opportunity Commission or to the Attorney General with recommendations for the institution of a court action under Title VII of the Civil Rights Act of 1964, as amended, or to the Attorney General for other court action as authorized by law.

(b) Deregistration proceedings shall be conducted in accordance with the following procedures:

(1) The Department shall notify the sponsor, in writing, that a determination of reasonable cause has been made under paragraph (a) of this section and that the apprenticeship program may be deregistered unless, within 15 days of the receipt of the notice, the sponsor requests a hearing. The notification shall specify the facts on which the determination is based.

(2) If within 15 days of the receipt of the notice provided for in subparagraph (1) of this paragraph the sponsor mails a request for a hearing, the Secretary shall convene a hearing in accordance with § 30.16.

(3) The Secretary shall make a final decision on the basis of the record, which shall consist of the compliance review file and other evidence presented and, if a hearing was conducted pursuant to § 30.16, the proposed find-

ings and recommended decision of the hearing officer. The Secretary may allow the sponsor a reasonable time to achieve voluntary corrective action. If the Secretary's decision is that the apprenticeship program is not operating in accordance with this part, the apprenticeship program shall be deregistered. In each case in which deregistration is ordered, the Secretary shall make public notice of the order and shall notify the sponsor and the complainant, if any.

§ 30.14 Reinstatement of program registration.

Any apprenticeship program deregistered pursuant to this part may be reinstated upon presentation of adequate evidence to the Secretary that the apprenticeship program is operating in accordance with this part.

§ 30.15 State Apprenticeship Councils.

(a) *Adoption of consistent state plans.* (1) The Department shall encourage State Apprenticeship Councils to adopt and implement the requirements of this part.

(2) Within 60 days of the effective date of these regulations, each State Apprenticeship Council shall complete development of a revised equal opportunity plan which shall be consistent with this part. The revised State plan shall require all state apprenticeship programs registered with the State Apprenticeship Council to comply with the requirements of the revised State plan within 90 days of the effective date of these regulations. No State Apprenticeship Council shall continue to be recognized by the Department if it has not adopted within 60 days of the effective date of these regulations a plan implementing the requirements of this part.

(3) The Department retains authority to conduct compliance reviews and complaint investigations to determine whether the state plan or any state apprenticeship program registered with a State Apprenticeship Council is being administered or operated in accordance with this part.

(4) It shall be the responsibility of the State Apprenticeship Council to take the necessary action to bring a noncomplying program into compliance with the state plan. In the event the State Apprenticeship Council fails to fulfill this responsibility, the Secretary may withdraw the recognition for Federal purposes of any or all state apprenticeship programs, in accordance with the procedures of deregistration of programs registered by the Department, or refer the matter to the Equal Employment Opportunity Commission or to the Attorney General with a recommendation for the institution of a court action under Title VII of the Civil Rights Act of 1964, as amended, or to the Attorney General for other court actions as authorized by law.

(5) Each State Apprenticeship Council shall notify the Department of any state apprenticeship program deregistered by it.

(6) Any state apprenticeship program deregistered by a State Apprenticeship Council for noncompliance with requirements of this part may, within 15 days of the receipt of a notice of deregistration, appeal to the Department to set aside the determination of the State Apprenticeship Council. The Department shall make its determination on the basis of the record. The Department may grant the state program sponsor, the State Apprenticeship Council and the complainant(s), if any, the opportunity to present oral or written argument.

(b) *Withdrawal of recognition.* (1) Whenever the Department determines that reasonable cause exists to believe that State Apprenticeship Council has not adopted or implemented a plan in accordance with the equal opportunity requirements of this part, it shall give notice to such State Apprenticeship Council and to appropriate state sponsors of this determination, stating specifically wherein the state's plan fails to meet such requirements and that the Department proposes to withdraw recognition for Federal purposes, from the State Apprenticeship Council unless within 15 days of the receipt of the notice, the State Apprenticeship Council complies with the provisions of this part or mails a request for a hearing to the Secretary.

(2) If within 15 days of the receipt of the notice provided for in subparagraph (b)(1) of this section the State

Apprenticeship Council neither complies with the provisions of this part, nor mails a request for a hearing, the Secretary shall notify the State Apprenticeship Council of the withdrawal of recognition.

(3) If within 15 days of the receipt of the notice provided for in subparagraph (b)(1) of this section the State Apprenticeship Council mails a request for a hearing, the Secretary shall proceed in accordance with § 30.16.

(4) If a hearing is conducted in accordance with § 30.16, the Secretary upon receipt of the proposed findings and recommended decision of the hearing officer shall make a final decision whether the State Apprenticeship Council has adopted or implemented a plan in accordance with the equal opportunity requirements of this part.

(5) If the Secretary determines to withdraw recognition, for Federal purposes, from the State Apprenticeship Council, the Secretary shall notify the State Apprenticeship Council of this determination. The Secretary shall also notify the State sponsors that within 30 days of the receipt of the notice the Department shall cease to recognize, for Federal purposes, each State apprenticeship program unless the State program sponsor requests registration with the Department. Such registration may be granted contingent upon finding that the State apprenticeship program is operating in accordance with the requirements of this part.

(6) A State Apprenticeship Council whose recognition has been withdrawn pursuant to this part may have its recognition reinstated upon presentation of adequate evidence to the Secretary that it has adopted and implemented a plan carrying out the equal opportunity requirements of this part.

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[43 FR 20760, May 12, 1978, as amended at 49 FR 18295, Apr. 30, 1984]

§ 30.16 Hearings.

(a) Within 10 days after receiving a request for a hearing, the Secretary shall designate a hearing officer. The hearing officer shall give reasonable notice of such hearing by certified mail, return receipt requested, to the appropriate sponsor (Federal or state registered), the State Apprenticeship Council, or both, as the case may be. Such notice shall include (1) a reasonable time and place of hearing, (2) a statement of the provisions of this part, pursuant to which the hearing is to be held, and (3) a concise statement of the matters pursuant to which the action forming the basis of the hearing is proposed to be taken.

(b) The hearing officer shall regulate the course of the hearing. Hearings shall be informally conducted. Every party shall have the right to counsel, and a fair opportunity to present his or her case including such cross-examination as may be appropriate in the circumstances. Hearing officers shall make their proposed findings and recommended decisions to the Secretary upon the basis of the record before them.

§ 30.17 Intimidatory or retaliatory acts.

Any intimidation, threat, coercion, or retaliation by or with the approval of any sponsor against any person for the purpose of interfering with any right or privilege secured by Title VII of the Civil Rights Act of 1964, as amended, Executive Order 11246, as amended, or because he or she has made a complaint, testified, assisted, or participated in any manner in any investigation proceeding, or hearing under this part shall be considered noncompliance with the equal opportunity standards of this part. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of this part, including the conduct of any investigation, hearing or judicial proceeding arising therefrom.

§ 30.18 Nondiscrimination.

The commitments contained in the sponsor's affirmative action program are not intended and shall not be used to discriminate against any qualified applicant or apprentice on the basis of race, color, religion, national origin, or sex.

§ 30.19 Exemptions.

Request for exemption from these regulations, or any part thereof, shall be made in writing to the Secretary and shall contain a statement of reasons supporting the request. Exemptions may be granted for good cause. State Apprenticeship Councils shall notify the Department of any such exemptions granted affecting a substantial number of employers and the reasons therefor.

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[43 FR 20760, May 12, 1978, as amended at 49 FR 18295, Apr. 30, 1984]

PART 31—NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS OF THE DEPARTMENT OF LABOR—EFFECTUATION OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Sec.

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AUTHORITY: Sec. 602, 78 Stat. 252; 42 U.S.C. 501, 29 U.S.C. 49k, 5 U.S.C. 301.

SOURCE: 29 FR 16284, Dec. 4, 1964, unless otherwise noted.

§ 31.1 Purpose.

The purpose of this part is to effectuate the provisions of Title VI of the Civil Rights Act of 1964 to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Labor.

§ 31.2 Definitions.

For purposes of this part:

(a) The term "Act" means the Civil Rights Act of 1964 (78 Stat. 241).

(b) The term "applicant" means one who submits an application, request, or plan required to be approved by the Secretary, or by a primary recipient, as a condition to eligibility for Federal financial assistance, and the term "application" means such application, request, or plan.

(c) The term "Department" means the Department of Labor and includes each of its operating agencies and other organizational units.

(d) The term "facility" includes all or any portion of structures, equipment, or other real or personal property or interests therein, and the provision of facilities includes the construction, expansion, renovation, remodeling, alteration or acquisition of facilities.

(e) The term "Federal financial assistance" includes (1) grants and loans of Federal funds, (2) the grant or donation of Federal property and interests in property, (3) the detail of Federal personnel, (4) the sale and lease of, and the permission to use (on other than a casual or transient basis), Federal property or any interest in such property without consideration or at a nominal consideration, or at a consideration which is reduced for the purpose of assisting the recipient, or in recognition of the public interest to be served by such sale or lease to the recipient, and (5) any Federal agreement, arrangement, or other contract which has as one of its purposes the provision of assistance.

(f) The term "primary recipient" means any recipient which is authorized or required to extend Federal financial assistance to another recipient for the purpose of carrying out a program.

(g) The term "program" includes any program, project or activity for the provision of services, financial aid, or other benefits to individuals (including education or training, health, welfare, rehabilitation, or other services, whether provided through employees of the recipient of Federal financial assistance or provided by others through contracts or other arrangements with the recipient, and including work opportunities and cash

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or loan or other assistance to individuals), or for the provision of facilities for furnishing services, financial aid or other benefits to individuals. The services, financial aid, or other benefits provided under a program receiving Federal financial assistance shall be deemed to include any services, financial aid, or other benefits provided with the aid of Federal financial assistance or with the aid of any non-Federal funds, property, or other resources required to be expended or made available for the program to meet matching requirements or other conditions which must be met in order to receive the Federal financial assistance, and to include any services, financial aid, or other benefits provided in or through a facility provided with the aid of Federal financial assistance or such non-Federal resources.

(h) The term "recipient" means any State, political subdivision of any State, or instrumentality of any State or political subdivision, any public or private agency, institution, or organization, or any other entity, or any individual in any State, to whom Federal financial assistance is extended, directly or through another recipient, for any program, including any successor, assign, or transferee thereof, but such term does not include any ultimate beneficiary under any such program.

(i) The term "Secretary" means the Secretary of Labor or any person specifically designated by him to perform any function provided for under this part, except that only the Secretary personally or a hearing examiner shall conduct hearings under § 31.10.

(j) The term "United States" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, the Canal Zone, and the territories and possessions of the United States, and the term "State" means any one of the foregoing.

§ 31.3 General standards.

(a) *General.* No person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity receiving Federal financial assistance from the Department of Labor.

(b) *Specific discriminatory actions prohibited.* (1) A recipient under any program to which this regulation applies may not, directly or through contractual or other arrangements, on the ground of race, color, or national origin:

(i) Deny an individual any service, financial aid, or other benefit provided under the program;

(ii) Provide any service, financial aid, or other benefit to an individual which is different, or is provided in a different manner, from that provided to others under the program;

(iii) Subject an individual to segregation or separate treatment in any matter related to his receipt of any service, financial aid, or other benefit under the program;

(iv) Restrict an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service, financial aid, or other benefit under the program;

(v) Treat an individual differently from others in determining whether he satisfies any admission, enrollment, quota, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service, financial aid, or other benefit provided under the program;

(vi) Deny an individual an opportunity to participate in the program through the provision of services or otherwise or afford him an opportunity to do so which is different from that afforded others under the program, or

(vii) Deny an individual an opportunity to participate in a program as an employee where a primary objective of the Federal financial assistance is to provide employment.

(viii) Deny a person the opportunity to participate as a member of a planning or advisory body which is an integral part of the program.

(2) A recipient, in determining the types of services, financial aid, or other benefits, or facilities which will be provided under any such program, or the class of individuals to whom, or the situations in which, such services, financial aid, other benefits, or facili-

ties will be provided under any such program or the class of individuals to be afforded an opportunity to participate in any such program, may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination because of race, color or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program as respects individuals of a particular race, color, or national origin.

(3) In determining the site or location of facilities, a recipient or applicant may not make selections with the purpose or effect of excluding individuals from, denying them the benefits of, or subjecting them to discrimination under any program to which this regulation applies, on the ground of race, color or national origin; or with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the Act or this regulation.

(4) As used in this section the services, financial aid, or other benefit provided under a program receiving Federal financial assistance shall be deemed to include any service, financial aid, or other benefit provided in or through a facility provided with the aid of Federal financial assistance.

(5) The enumeration of specific forms of prohibited discrimination in this paragraph does not limit the generality of the prohibition in paragraph (a).

(6)(i) In administering a program regarding which the recipient has previously discriminated against persons on the ground of race, color, or national origin, the recipient must take affirmative action to overcome the effects of prior discrimination.

(ii) Even in the absence of such prior discrimination, a recipient in administering a program shall take affirmative action to overcome the effects of conditions which resulted in limiting participation by persons of a particular race, color or national origin.

(7) The following will illustrate the application of the provisions of the foregoing paragraph to programs for which Federal financial assistance is furnished by this Department:

(i) In some situations even though past discriminatory practices have been abandoned, the consequences of such practices continue to impede the full availability of a benefit. If the efforts required of the applicant or recipient under § 31.5(d) to provide information as to the availability of the program or activity, and the rights of beneficiaries under this regulation, have failed to overcome these consequences, it will become necessary for such applicant or recipient to take additional steps to make the benefits fully available to racial and nationality groups previously subjected to discrimination. This action might take the form, for example, of special arrangements for obtaining referrals or making selections which will insure that groups previously subjected to discrimination are adequately served.

(ii) Even though an applicant or recipient has never used discriminatory policies, the services and benefits of the program or activity it administers may not in fact be equally available to some racial or nationality groups. In some circumstances an applicant or recipient may properly give special consideration to race, color, or national origin to make the benefits of its program more widely available to such groups not then being adequately served. For example, where an employment service office is not adequately serving members of a particular racial or nationality group, it may establish special recruitment policies to make its program better known and more readily available to such group, and take other steps to provide that group with more adequate service.

(c) *Employment practices.* (1) Where a primary objective of the Federal financial assistance to a program to which this regulation applies is to provide employment, a recipient may not (directly or through contractual or other arrangements) subject an individual to discrimination on the ground of race, color, or national origin in its employment practices under such program including recruitment, examination, appointment, training, promotion, retention or any other personnel action.

(2) Where a primary objective of the Federal financial assistance is not to provide employment, but discrimination on the ground of race, color, or national origin in the employment practices of the recipient or other persons subject to the regulation tends, on the ground of race, color or national origin, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program to which this regulation applies, the provision of the foregoing paragraph shall apply to the employment practices of the recipient to the extent necessary to assure equality of opportunity to, and nondiscriminatory treatment of, beneficiaries. Accordingly, the employment practices of recipients under programs enumerated in §§ 31.3(d)(2) and 31.3(d)(3) are subject to the provisions of this paragraph (c) to the extent necessary to assure equality of opportunity to, and nondiscriminatory treatment of, the beneficiaries of the Federal financial assistance. Any action taken by the Department pursuant to this provision with respect to a State or local agency subject to the Standards for a Merit System of Personnel Administration, 45 CFR Part 70, shall be consistent with those standards and shall be coordinated with the United States Civil Service Commission.

(3) The requirements applicable to construction employment under any program for which Federal financial assistance is furnished by this Department shall be those specified in or pursuant to part III of Executive Order 11246 or any Executive order which supersedes it.

(d) In order that all parties may have a clear understanding of the applicability of the regulations in this part to their activities, there are listed in this section programs and activities together with illustrations by way of example only, of types of activity covered by the regulations in this part. These illustrations and examples, however, are not intended to be all inclusive. The fact that a particular program is not listed does not, of course, indicate that it is not covered by the regulations in this part. Moreover, the examples set forth with respect to any particular listed program are not limited to that program alone and the prohibited actions described may also be prohibited in other programs or activities whether or not listed below.

(1) *Employment service programs.* (i) The registration, counseling, testing, recruitment, selection and referral of individuals for job openings or training opportunities and all other activities performed by or through employment service offices financed in whole or in part from Federal funds, including the establishment and maintenance of physical facilities, shall be conducted without regard to race, color, or national origin.

(ii) No selection or referral of any individual for employment or training shall be made on the basis of any job order or request containing discriminatory specifications with regard to race, color, or national origin.

(2) *Manpower Development and Training Act, work-incentive under Social Security Act, Area Redevelopment Act, work-training under Economic Opportunity Act and other Government-sponsored training.* (i) The registration, counseling, testing, guidance, selection, referral or training of any individual including employment as an enrollee under title I-B of the Economic Opportunity Act shall be furnished without discrimination because of race, color, or national origin.

(ii) The recruitment, examination, appointment, training, promotion, retention, or any other personnel action with respect to any trainee or enrollee under the Manpower Development and Training Act, Area Redevelopment Act, or the Economic Opportunity Act while the individual is receiving training or employment shall be without regard to race, color or national origin.

(3) *State and Federal Unemployment Insurance Programs; allowances under Trade Readjustment Assistance Programs, Manpower Development and Training Act, and Area Redevelopment Act.* (i) The filing for, adjudication and payment of benefits, establishment and maintenance of physical facilities and other application of the laws shall be without regard to race, color or national origin.

[29 FR 16284, Dec. 4, 1964, as amended at 38 FR 17957, July 5, 1973]

§ 31.4 [Reserved]

§ 31.5 Compliance information.

(a) *Cooperation and assistance.* The Secretary shall to the fullest extent practicable seek the cooperation of recipients in obtaining compliance with this part and shall provide assistance and guidance to recipients to help them comply voluntarily with this part.

(b) *Compliance reports.* Each recipient shall keep such records and submit to the Secretary timely, complete and accurate compliance reports at such times, and in such form and containing such information, as the Secretary may determine to be necessary to enable him to ascertain whether the recipient has complied or is complying with this part. In general, recipients should have available for the department racial and ethnic data showing the extent to which members of minority groups are beneficiaries of federally assisted programs. In the case of any program under which a primary recipient extends Federal financial assistance to any other recipient, such other recipient shall also submit such compliance reports to the primary recipient as may be necessary to enable the primary recipient to carry out its obligations under this part.

(c) *Access to sources of information.* Each recipient shall permit access by the Secretary during normal business hours to such of its books, records, accounts, and other sources of information, and its facilities as may be pertinent to ascertain compliance with this part. Where any information required of a recipient is in the exclusive possession of any other agency, institution or person and this agency, institution or person shall fail or refuse to furnish this information, the recipient shall so certify in its report and shall set forth what efforts it has made to obtain the information.

(d) *Information to beneficiaries and participants.* Each recipient shall make available to participants, beneficiaries, and other interested persons such information regarding the provisions of this part and its applicability to the program under which the recipient receives Federal financial assistance, and make such information available to them in such manner, as the Secretary finds necessary to apprise such persons of the protections against discrimination assured them by the Act and this part.

[29 FR 16284, Dec. 4, 1964. Redesignated and amended at 38 FR 17956, July 5, 1973]

§ 31.6 Assurances required.

(a) *General.* (1) Every application for Federal financial assistance to carry out a program to which this part applies, and every contract, subcontact, agreement or arrangement to carry out such program except a program to which paragraph (b) of this section applies, and every application for Federal financial assistance to provide a facility, and every contract, subcontract, agreement or arrangement to provide such a facility shall as a condition to its approval and the extension of any Federal financial assistance pursuant to the application, contract, subcontract, agreement or arrangement contain or be accompanied by an assurance that the program will be conducted or the facility operated in compliance with all requirements imposed by or pursuant to this part. Every program of Federal financial assistance shall require the submission of such an assurance. In the case where the Federal financial assistance is to provide or is in the form of personal property, or real property or interest therein or structures thereon, the assurance shall obligate the recipient, or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the recipient retains ownership or possession of the property, whichever is longer. In all cases the assurance shall obligate the recipient for the period during which Federal financial assistance is extended to the program. In the case where the assistance is sought for the construction of a facility or part of a facility, the assurance shall in any event extend to the entire facility and to facilities op-

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erated in connection therewith. The Secretary shall specify the form of the foregoing assurances for each program, and the extent to which like assurances will be required of subgrantees, contractors and subcontractors, transferees, successors in interest, and other participants in this program. Any such assurance shall include provisions which give the United States a right to seek its judicial enforcement.

(2) In the case where Federal assistance is provided in the form of a transfer of real property, structures, or improvements thereon, or interest therein, from the Federal Government, the instrument effecting or recording the transfer shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. Where no transfer of property or interest therein from the Federal Government is involved, but property is acquired under a program of Federal financial assistance, the recipient shall agree to include such covenant in any subsequent transfer of such property. When the property is obtained from the Federal Government, such covenant may also include a condition coupled with a right to be reserved by the Department to revert title to the property in the event of a breach of the covenant where, in the discretion of the Secretary, such a condition and right of reverter is appropriate to the program under which the real property is obtained and to the nature of the grant and the grantee. In such event if a transferee of real property proposes to mortgage or otherwise encumber the real property as security for financing construction of new, or improvement of existing facilities on such property for the purpose for which the property was transferred, the Secretary may agree, upon request of the transferee and if necessary to accomplish such financing and upon such conditions as he deems appropriate, to subordinate such rights of reversion to the sum of such mortgage or other encumbrance.

(b) *Continuing State programs.* Every application by a State or a State agency to carry out a program involving continuing federal financial assistance to which this part applies shall as a condition to its approval and the extension of any Federal financial assistance pursuant to the application (1) contain or be accompanied by a statement that the program is (or, in the case of a new program, will be) conducted in compliance with all requirements imposed by or pursuant to this part, and (2) provide or be accompanied by provision for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that the applicant and all recipients of Federal financial assistance under such program will comply with all requirements imposed by or pursuant to this part.

[38 FR 17957, July 5, 1973]

§ 31.7 Conduct of investigations.

(a) *Periodic compliance reviews.* The Secretary shall from time to time review the practices of recipients to determine whether they are complying with this part.

(b) *Complaints.* Any person who believes himself or any specific class of individuals to be subjected to discrimination prohibited by this part may by himself or by a representative file with the Secretary a written complaint. A complaint must be filed not later than 180 days from the date of the alleged discrimination, unless the time for filing is extended by the Secretary.

(c) *Investigations.* The Secretary will make a prompt investigation whenever a compliance review, report, complaint, or any other information indicates a possible failure to comply with this part. The investigation should include, where appropriate, a review of the pertinent practices and policies of the recipient, the circumstances under which the possible noncompliance with this part occurred, and other factors relevant to a determination as to whether the recipient has failed to comply with this part.

(d) *Resolution of matters.* (1) If an investigation pursuant to paragraph (c) indicates a failure to comply with this part, the Secretary will so inform the recipient and the matter will be resolved by informal means whenever possible. If it has been determined that the matter cannot be resolved by informal means, action will be taken as provided for in § 31.8.

(2) If an investigation does not warrant action pursuant to paragraph (d)(1) the Secretary will so inform the recipient and the complainant, if any, in writing.

(e) *Intimidatory or retaliatory acts prohibited.* No recipient or other person shall intimidate, threaten, coerce or discriminate against any individual for the purpose of interfering with any right or privilege secured by section 601 of the Act or this part, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under this part. The identity of complainant shall be kept confidential except to the extent necessary to carry out the purposes of this part, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

[29 FR 16284, Dec. 4, 1964. Redesignated and amended at 38 FR 17958, July 5, 1973]

§ 31.8 Procedure for effecting compliance.

(a) *General.* If there appears to be a failure or threatened failure to comply with this part, and if the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance with this part may be effected by the suspension or termination of or refusal to grant or to continue Federal financial assistance, or by any other means authorized by law. Such other means may include, but are not limited to, (1) a reference to the Department of Justice with a recommendation that appropriate proceedings be brought to enforce any rights of the United States under any law of the United States (including other titles of the Act), or any assurance or other contractual undertaking, and (2) any applicable proceeding under State or local law.

(b) *Termination of or refusal to grant or to continue Federal financial assistance.* No order suspending, terminating, or refusing to grant or continue Federal financial assistance shall become effective until (1) the Secretary has advised the applicant or recipient of his failure to comply and has determined that compliance cannot be secured by voluntary means, (2) there has been an express finding on the record, after opportunity for hearing, of a failure by the applicant or recipient to comply with a requirement imposed by or pursuant to this part, (3) the action has been approved by the Secretary, and (4) the expiration of 30 days after the Secretary has filed with the committee of the House and the committee of the Senate having legislative jurisdiction over the program involved, a full written report of the circumstances and the grounds for such action. Any action to suspend or terminate or to refuse to grant or to continue Federal financial assistance shall be limited to the particular political entity, or part thereof, or other applicant or recipient as to whom such a finding has been made and shall be limited in its effect to the particular program, or part thereof, in which such noncompliance has been so found.

(c) *Other means authorized by law.* No action to effect compliance by any other means authorized by law shall be taken until (1) the Secretary has determined that compliance cannot be secured by voluntary means, (2) the action has been approved by the Secretary, (3) the recipient or other person has been notified of its failure to comply and of the action to be taken to effect compliance, and (4) the expiration of at least 10 days from the mailing of such notice to the recipient or other person. During this period of at least 10 days additional efforts shall be made to persuade the recipient or other person to comply with this part and to take such corrective action as may be appropriate.

[29 FR 16284, Dec. 4, 1964. Redesignated at 38 FR 17958, July 5, 1973]

§ 31.9 Hearings.

(a) *Opportunity for hearing.* Whenever an opportunity for a hearing is required by § 31.8(b), reasonable notice shall be given by registered or certified mail, return receipt requested, to the affected applicant or recipient. This notice shall advise the applicant or recipient of the action proposed to be taken, the specific provision under which the proposed action against it is to be taken, and the matters of fact or law asserted as the basis for this action, and either (1) fix a date not less than 20 days after the date of such notice within which the applicant or recipient may request of the Secretary that the matter be scheduled for hearing, or (2) advise the applicant or recipient that the matter in question has been set down for hearing at a stated place and time. The time and place so fixed shall be reasonable and shall be subject to change for cause. The complainant, if any, shall be advised of the time and place of the hearing. An applicant or recipient may waive a hearing and submit written information and argument for the record. The failure of an applicant or recipient to request a hearing under this section or to appear at a hearing under this section or to appear at a hearing for which a date has been set shall be deemed to be a waiver of the right to a hearing under section 602 of the Act and § 31.8(b) of this part and consent to the making of a decision on the basis of such information as is available.

(b) *Time and place of hearing.* Hearings shall be held at the offices of the Department in Washington, D.C., at a time fixed by the Secretary unless he determines that the convenience of the applicant or recipient or of the Department requires that another place be selected. Hearings shall be held before the Secretary or before a hearing examiner designated in accordance with 5 U.S.C. 3105 and 3344 (section 11 of the Administrative Procedure Act).

(c) *Right to counsel.* In all proceedings under this section, the applicant or recipient, and the Department shall have the right to be represented by counsel.

(d) *Procedures, evidence, and record.* (1) The hearing, decision, and any administrative review thereof shall be conducted in conformity with 5 U.S.C. 554-557 (sections 5-8 of the Administrative Procedure Act), and in accordance with such rules of procedure as are proper (and not inconsistent with this section) relating to the conduct of the hearing, giving of notices subsequent to those provided for in paragraph (a) of this section, taking of testimony, exhibits, arguments and briefs, requests for findings, and other related matters. Both the Department and the applicant or recipient shall be entitled to introduce all relevant evidence on the issues as stated in the notice for hearing or as determined by the officer conducting the hearing at the outset of or during the hearing.

(2) Technical rules of evidence shall not apply to hearings conducted pursuant to this part, but rules or principles designed to assure production of the most credible evidence available and to subject testimony to test by cross-examination shall be applied where reasonably necessary by the officer conducting the hearing. The hearing officer may exclude irrelevant, immaterial, or unduly repetitious evidence. All documents and other evidence offered or taken for the record shall be open to examination by the parties and opportunity shall be given to refute facts and arguments advanced on either side of the issues. A transcript shall be made of the oral evidence except to the extent the substance thereof is stipulated for the record. All decisions shall be based upon the hearing record and written findings shall be made.

(e) *Consolidated or Joint hearings.* In cases in which the same or related facts are asserted to constitute noncompliance with this part with respect to two or more programs to which this part applies or noncompliance with this part and the regulations of one or more other Federal departments or agencies issued under title VI of the Act, the Secretary may, by agreement with such other departments or agencies, where applicable, provide for the conduct of consolidated or joint hearings, and for the application to such hearings or rules of procedure not inconsistent with this part. Final decisions in such cases, insofar as this part is concerned, shall be made in accordance with § 31.10.

[29 FR 16284, Dec. 4, 1964. Redesignated and amended at 38 FR 17958, July 5, 1973]

§ 31.10 Decisions and notices.

(a) *Decision by a hearing examiner.* If the hearing is held by a hearing examiner such hearing examiner shall either make an initial decision, if so authorized, or certify the entire record including his recommended findings and proposed decision to the Secretary for a final decision, and a copy of such initial decision or certification shall be mailed to the applicant or recipient and the complainant. Where the initial decision is made by the hearing examiner the applicant or recipient may within 30 days of the mailing of such notice of initial decision file with the Secretary his exceptions to the initial decision, with his reasons therefor. In the absence of exceptions, the Secretary may on his own motion within 45 days after the initial decision serve on the applicant or recipient a notice that he will review the decision. Upon the filing of such exceptions or of such notice of review the Secretary shall review the initial decision and issue his own decision thereon including the reasons therefor. The decision of the Secretary shall be mailed promptly to the applicant or recipient and the complainant, if any. In the absence of either exceptions or a notice of review the initial decision shall constitute the final decision of the Secretary.

(b) *Decisions on record or review by the Secretary.* Whenever a record is certified to the Secretary for decision or he reviews the decision of a hearing examiner pursuant to paragraph (a), or whenever the Secretary conducts the hearing, the applicant or recipient shall be given reasonable opportunity to file with him briefs or other written statements of its contentions, and a copy of the final decision of the Secretary shall be given in writing to the applicant or recipient and the complainant, if any.

(c) *Decisions on record where a hearing is waived.* Whenever a hearing is waived pursuant to § 31.9(a) a decision shall be made by the Secretary on the record and a copy of such decision shall be given in writing to the applicant or recipient and to the complainant, if any.

(d) *Rulings required.* Each decision of a hearing officer or the Secretary shall set forth his ruling on each finding, conclusion, or exception presented, and shall identify the requirement or requirements imposed by or pursuant to this part with which it is found that the applicant or recipient has failed to comply.

(e) *Content of orders.* The final decision may provide for suspension or termination of, or refusal to grant or continue Federal financial assistance, in whole or in part, under the program involved, and may contain such terms, conditions, and other provisions as are consistent with and will effectuate the purposes of the Act and this part, including provisions designed to assure that no Federal financial assistance will thereafter be extended under such program to the applicant or recipient determined by such decision to be in default in its performance of an assurance given by it pursuant to this part, or to have otherwise failed to comply with this part, unless and until it corrects its noncompliance and satisfies the Secretary that it will fully comply with this part.

(f) *Post-termination proceedings.* (1) An applicant or recipient adversely affected by an order issued under paragraph (c) of this section shall be restored to full eligibility to receive Federal financial assistance if it satisfies the terms and conditions of that order for such eligibility or if it brings itself into compliance with this regulation and provides reasonable assurance that it will fully comply with this regulation.

(2) Any applicant or recipient adversely affected by an order entered pursuant to paragraph (c) of this section may at any time request the Secretary to restore fully its eligibility to receive Federal financial assistance. Any such request shall be supported by information showing that the applicant or recipient has met the requirements of paragraph (f)(1) of this section. If the Secretary determines that those requirements have been satisfied, he shall restore such eligibility.

(3) If the Secretary denies any such request, the applicant or recipient may submit a request for a hearing in writing, specifying why it believes the Secretary to have been in error. It shall thereupon be given an expeditious hearing, with a decision on the record, in accordance with rules of procedure

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issued by the Secretary. The applicant or recipient will be restored to such eligibility if it proves at such a hearing that it satisfied the requirements of paragraph (f)(1) of this section. While proceedings under this paragraph are pending, the sanctions imposed by the order issued under paragraph (e) of this section shall remain in effect.

[29 FR 16284, Dec. 4, 1964. Redesignated and amended at 38 FR 17958, July 5, 1973]

§ 31.11 Judicial review.

Action taken pursuant to section 602 of the Act is subject to judicial review as provided in section 603 of the Act.

[29 FR 16284, Dec. 4, 1964. Redesignated at 38 FR 17958, July 5, 1973]

§ 31.12 Effect on other regulations; supervision and coordination.

(a) *Effect on other regulations.* All regulations, orders or like directions heretofore issued by any officer of the Department which impose requirements designed to prohibit any discrimination against individuals on the ground of race, color, or national origin under any program to which this part applies, and which authorize the suspension or termination of or refusal to grant or to continue Federal financial assistance to any applicant for or recipient of such assistance under such program for failure to comply with such requirements, are hereby superseded to the extent that such discrimination is prohibited by this part, except that nothing in this part shall be deemed to relieve any person of any obligations assumed or imposed under any such superseded regulation, order, instruction, or like direction prior to the effective date of this part. Nothing in this part, however, shall be deemed to supersede any of the following (including future amendments thereof): (1) Executive Orders 10925, 11114 and 11246 and regulations issued thereunder, (2) the "Standards for a Merit System of Personnel Administration," issued jointly by the Secretaries of Defense, of Health, Education and Welfare, and of Labor, 23 FR 734, or (3) any other regulation or instruction insofar as it prohibits discrimination on the ground of race, color, or national origin in any program or situation to which this part is inapplicable, or prohibits discrimination on any other ground.

(b) *Supervision and coordination.* (1) The Secretary may from time to time assign to officials of other departments or agencies of the government (with the consent of such department or agency) responsibilities in connection with the effectuation of the purposes of title VI of the Act and this part (other than responsibility for final decision as provided in § 31.11), including the achievement of effective coordination and maximum uniformity within the Department and within the executive branch of the Government in the application of title VI and this part to similar programs and in similar situations.

(2) Any action taken, determination made, or requirement imposed by an official of another Department or agency acting pursuant to an assignment of responsibility under this subsection shall have the same effect as though such action had been taken by the Secretary.

[38 FR 17958, July 5, 1973]

PART 32—NONDISCRIMINATION ON THE BASIS OF HANDICAP IN PROGRAMS AND ACTIVITIES RECEIVING OR BENEFITING FROM FEDERAL FINANCIAL ASSISTANCE

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APPENDIX A

AUTHORITY: Sec. 504, Rehabilitation Act of 1973, Pub. L. 93-112, 87 Stat. 394 (29 U.S.C. 794); sec. 111(a), Rehabilitation Act Amendments of 1974, Pub. L. 93-516, 88 Stat. 1619 (29 U.S.C. 706); sec. 119 and 122 of the Rehabilitation Comprehensive Services and Developmental Disabilities Amendments of 1978, Pub. L. 95-602, 92 Stat. 2955; Executive Order 11914, 41 FR 17871.

SOURCE: 45 FR 66709, Oct. 7, 1980, unless otherwise noted.

Subpart A—General Provisions

§ 32.1 Purpose.

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination on the basis of handicap in any program or activity receiving or benefiting from Federal financial assistance. The purpose of this part is to implement section 504 with respect to programs and activities receiving or benefiting from Federal financial assistance from the Department of Labor.

§ 32.2 Application.

(a) This part applies to each recipient of Federal financial assistance from the Department of Labor, and every program or activity that receives or benefits from such assistance, but is limited to the particular program for which Federal financial assistance is provided.

(b) A government contractor covered by the provisions of section 503 of the Act shall be deemed in compliance with the employment provisions of these regulations if it is in compliance with 41 CFR Part 60-741 (as amended after publication of these regulations) with respect to Federal financial assistance from the Department of Labor.

§ 32.3 Definitions.

As used in this part, the term:

"The Act" means the Rehabilitation Act of 1973, Pub. L. 93-112, as amended by the Rehabilitation Act Amendments of 1974, Pub. L. 93-516, and by the Rehabilitation, Comprehensive Services, and Developmental Disabilities Amendments of 1978, Pub. L. 95-602.

"Assistant Secretary" means the Assistant Secretary for Employment and Training Administration or his or her designee.

"Applicant for assistance" means one who submits an application, request, or plan required to be approved by a Department official or by a recipient as a condition to becoming a recipient.

"Department" means the Department of Labor.

"Facility" means all or any portion of the buildings, structures, equipment, roads, walks, parking lots or other real or personal property or interest in such property which are utilized in the execution of the program for which Federal financial assistance is received.

"Federal financial assistance" means any grant, loan, contract (other than a procurement contract or a contract of insurance or guarantee), or any other arrangement by which the Department provides or otherwise makes available assistance in the form of:

(a) Funds;

(b) Services of Federal personnel; or

(c) Real and personal property or any interest in or use of such property, including;

(1) Transfers or leases of such property for less than fair market value or for reduced consideration; and

(2) Proceeds from a subsequent transfer or lease of such property if

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the Federal share of its fair market value is not returned to the Federal Government.

"Government" means the Government of the United States of America.

"Handicap" means any condition or characteristic that renders a person a handicapped individual as defined in this section.

"Handicapped individual"

(a) "Handicapped individual" means any person who

(1) Has a physical or mental impairment which substantially limits one or more major life activities;

(2) Has a record of such an impairment; or

(3) Is regarded as having such an impairment.

(b) As used in the proceeding paragraph of this section, the phrase:

(1) "Physical or mental impairment" means

(i) Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genito-urinary; hemic and lymphatic; skin; and endocrine;

(ii) Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities.

(iii) The term "physical or mental impairment" includes but is not limited to such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, epilepsy, muscular distrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, and drug addiction and alcoholism.

(2) "Substantially limits" means the degree that the impairment affects an individual becoming a beneficiary of a program or activity receiving Federal financial assistance or affects an individual's employability. A handicapped individual who is likely to experience difficulty in securing or retaining benefits or in securing, or retaining, or advancing in employment would be considered substantially limited.

(3) "Major life activities" means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, working, and receiving education or vocational training.

(4) "Has a record of such an impairment" means that the individual has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more life activity.

(5) "Is regarded as having such an impairment" means that the individual

(i) Has a physical or mental impairment that does not substantially limit major life activities but that is treated by a recipient as constituting such a limitation;

(ii) Has a physical or mental impairment that substantially limits major life activities only as a result of the attitudes of others toward such impairment; or

(iii) Has none of the impairments defined in paragraph (b)(1) of this section but is treated by a recipient as having such an impairment.

"Qualified handicapped individual" means: (a) with respect to employment, an individual with a handicap who is capable of performing the essential functions of the job or jobs for which he or she is being considered with reasonable accommodation to his or her handicap;

(b) With respect to services, a handicapped individual who meets eligibility requirements relevant to the receipt of services provided in the program;

(c) With respect to employment and to employment related training programs, a handicapped individual who meets both the eligibility requirements for participation in the program and valid job or training qualifications with reasonable accommodation.

"Reasonable accommodation" means the changes and modifications which can be made in the structure of a job or employment and training program, or in the manner in which a job is performed or an employment and training program is conducted, unless it would impose an undue hardship on the operation of the recipient's program. Reasonable accommodation may include:

(a) Making the facilities used by the employees or participants in the area where the program is conducted, including common areas used by all employees or participants such as hallways, restrooms, cafeterias and lounges, readily accessible to and usable by handicapped persons, and

(b) Job restructuring, part-time or modified work schedules, acquisition or modification of equipment or devices, the provision of readers or interpreters, and other similar actions.

"Recipient" means any state or its political subdivisions, any instrumentality of a State or its political subdivisions, any public or private agency, institution, organization, or other entity, or any person to which Federal financial assistance is extended directly or through another recipient, including any successor, assignee, or transferee of a recipient, but excluding the ultimate beneficiary of the assistance.

"Secretary" means the Secretary of Labor, U.S. Department of Labor.

"Section 504" means section 504 of the Act.

"Small recipient" means a recipient who serves fewer than 15 beneficiaries, and employs fewer than 15 employees at all times during a grant year.

"United States" means the several states, the District of Columbia, the Virgin Islands, the Commonwealth of Puerto Rico, Guam, American Samoa and the Trust Territory of the Pacific Islands.

§ 32.4 Discrimination prohibited.

(a) *General.* No qualified handicapped individual shall, on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity which receives or benefits from Federal financial assistance.

(b) *Discriminatory actions prohibited.* (1) A recipient, in providing any aid, benefit, service or training, may not, directly or through contractual, licensing, or other arrangments, on the basis of handicap:

(i) Deny a qualified handicapped individual the opportunity to participate in or benefit from the aid, benefit, service or training;

(ii) Afford a qualified handicapped individual an opportunity to participate in or benefit from the aid, benefit, service or training that is not equal to that afforded others;

(iii) Provide a qualified handicapped individual with any aid, benefit, service or training that is not as effective as that provided to others;

(iv) Provide different or separate aid, benefits, or services to handicapped individuals or to any class of handicapped individuals unless such action is necessary to provide qualified handicapped individuals with aid, benefits services or training that are as effective as those provided to others;

(v) Aid or perpetuate discrimination against a qualified handicapped individual by providing significant assistance to an agency, organization, or person that discriminates on the basis of handicap in providing any aid, benefit, service or training to beneficiaries of the recipient's program;

(vi) Deny a qualified handicapped individual the opportunity to participate as a member of planning or advisory boards; or

(vii) Otherwise limit a qualified handicapped individual in enjoyment of any right, privilege, advantage, or opportunity enjoyed by others receiving any aid, benefit, service or training.

(2) For purposes of this part, aid, benefits, services and training, to be equally effective, are not required to produce the identical result or level of achievement for handicapped and nonhandicapped individuals, but must afford handicapped individuals equal opportunity to obtain the same result, to gain the same benefit, or to reach the same level of achievement, in the most integrated setting appropriate to the person's needs.

(3) A recipient may not deny a qualified handicapped individual the opportunity to participate in its regular programs or activities, despite the existence of separate or different programs or activities for the handicapped which are established in accordance with this part.

(4) A recipient may not, directly or through contractual or other arrangements, utilize criteria or methods of administration:

(i) That have the effect of subjecting qualified handicapped individuals to discrimination on the basis of handicap;

(ii) That have the purpose or effect of defeating or substantially impairing accomplishment of the objectives of the recipient's program with respect to handicapped individuals; or

(iii) That perpetuate the discrimination of another recipient if both recipients are subject to common administrative control or are agencies of the same state.

(5) In determining the site or location of a facility, an applicant for assistance or a recipient may not make selections.

(i) That have the effect of excluding handicapped individuals from, denying them the benefits of, or otherwise subjecting them to discrimination under any program or activity that receives or benefits from Federal financial assistance; or

(ii) That have the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the program or activity with respect to handicapped individuals.

(6) As used in this section, the aid, benefit, service or training provided under a program or activity receiving or benefiting from Federal financial assistance includes any aid, benefit, service or training provided in or through a facility that has been constructed, expanded, altered, leased, rented, or otherwise acquired, in whole or in part, with Federal financial assistance.

(7)(i) In providing services under programs of Federal financial assistance, except for employment-related training, a recipient to which this subpart applies, except small recipients, shall ensure that no handicapped participant is denied the benefits of, excluded from participation in, or otherwise subjected to discrimination under the program or activity operated by the recipient because of the absence of auxiliary aids for participants with impaired sensory, manual or speaking skills. In programs of employment and employment-related training, this paragraph shall apply only to the intake, assessment and referral services. A recipient shall operate each program or activity to which this subpart applies so that, when viewed in its entirety, auxiliary aids are readily available.

(ii) Auxiliary aids may include brailled and taped written materials, interpreters or other effective methods of making orally delivered information available to persons with hearing impairments, readers for persons with visual impairments, equipment adapted for use by persons with manual impairments, and other similar services and actions. Recipients need not provide attendants, individually prescribed devices, readers for personal use or study, or other devices or services of a personal nature.

(c) *Programs limited by Federal law.* The exclusion of nonhandicapped persons from the benefits of a program limited by Federal statute on Executive Order to handicapped individuals or the exclusion of a specific class of handicapped individuals from a program limited by Federal statute or Executive Order to a different class of handicapped individuals is not prohibited by this part.

(d) *Integrated setting.* Recipients shall administer programs and activities in the most integrated setting appropriate to the needs of qualified handicapped individuals.

(e) *Communications with individuals with impaired vision and hearing.* Recipients shall take appropriate steps to ensure that communications with their applicants, employees, and beneficiaries are available to persons with impaired vision and hearing.

§ 32.5 Assurances required.

(a) *Assurances.* An applicant for Federal financial assistance for a program or activity to which this part applies shall submit an assurance, on a form specified by the Assistant Secretary, that the program will be operated in compliance with this part. An applicant may incorporate these assurances by reference in subsequent applications to the Department.

(b) *Duration of obligation.* (1) In the case of Federal financial assistance extended in the form of real property or structures on the property, the assurance will obligate the recipient or, in the case of a subsequent transfer, the transferee, for the period during which the real property or structures are used for the purpose involving the provision of similar services or benefits.

(2) In the case of Federal financial assistance extended to provide personal property, the assurance will obligate the recipient for the period during which it retains ownership or possession of the property.

(3) In all other cases the assurance will obligate the recipient for the period during which Federal financial assistance is extended or the federally-funded program is operated, whichever is longer.

(c) *Covenants.* (1) Where Federal financial assistance is provided in the form of real property or interest in the property from the Department, the instrument effecting or recording this transfer shall contain a covenant running with the land to assure nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

(2) Where no Federal transfer of property is involved but property is purchased or improved with Federal financial assistance, the recipient shall agree to include the covenant described in paragraph (c)(1) of this section in the instrument effecting or recording any subsequent transfer of the property.

(3) Where Federal financial assistance is provided in the form of real property or interest in the property from the Department, the covenant shall also include a condition coupled with a right to be reserved by the Department to revert title to the property in the event of a breach of the covenant. If a transferee of real property proposes to mortgage or otherwise encumber the real property as security to finance construction of new, or improvement of existing, facilities on the property for the purposes for which the property was transferred, the Assistant Secretary may agree to forbear the exercise of such right to revert title for so long as the lien of such mortgage or other encumbrance remains effective. Such an agreement by the Assistant Secretary may be entered into only upon the request of the transferee (recipient) if it is necessary to accomplish such financing and upon such terms and conditions as the Assistant Secretary deems appropriate.

(d) *Interagency agreements.* Where funds are granted by the Department to another Federal agency to carry out a program under a law administered by the Department and where the grant obligates the recipient agency to comply with the rules and regulations of the Department applicable to that grant the provisions of this part shall apply to programs and activities operated with such funds.

§ 32.6 Remedial action, voluntary action, and self-evaluation.

(a) *Remedial action.* (1) If the Assistant Secretary finds that a recipient has discriminated against persons on the basis of handicap in violation of section 504 of this part, the recipient shall take such remedial action as the Assistant Secretary deems necessary to overcome the effects of the discrimination.

(2) Where a recipient is found to have discriminated against persons on the basis of handicap in violation of section 504 or this part and where another recipient exercises control over the recipient that has discriminated, the Assistant Secretary, where appropriate, may require either or both recipients to take remedial action.

(3) The Assistant Secretary may, where necessary to overcome the effects of discrimination in violation of section 504 or this part, require a recipient to take remedial action:

(i) With respect to handicapped individuals who would have been participants in the program had the discrimination not occurred; and

(ii) With respect to handicapped persons who are no longer participants in the recipient's program but who were participants in the program when the discrimination occurred; and

(iii) With respect to employees and applicants for employment.

(b) *Voluntary action.* A recipient may take steps, in addition to any action that is required by this part, to overcome the effects of conditions

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that resulted in limited participation in the recipient's program or activity by qualified handicapped individuals.

(c) *Self-evaluation.* (1) A recipient shall, within one year of the effective date of this part:

(i) Evaluate, with the assistance of interested persons who are selected by the recipient, including handicapped individuals or organizations representing handicapped individuals, its current policies and practices and the effects thereof that do not or may not meet the requirements of this part;

(ii) Modify, after consultation with interested persons who are selected by the recipient, including handicapped individuals or organizations representing handicapped individuals, any policies and practices that do not meet the requirements of this part; and

(iii) Take, after consultation with interested persons who are selected by the recipient, including handicapped individuals or organizations representing handicapped individuals, appropriate remedial steps to eliminate the effects of any discrimination that resulted from adherence to these policies and practices.

(2) A recipient, other than a small recipient, shall for at least three years following completion of the evaluation required under paragraph (c)(1) of this section, maintain on file, make available for public inspection, and provide to the Assistant Secretary upon request:

(i) A list of the interested persons consulted;

(ii) A description of areas examined and any problems identified; and

(iii) A description of any modifications made and of any remedial steps taken.

§ 32.7 Designation of responsible employee.

A recipient, other than a small recipient shall designate at least one person to coordinate its efforts to comply with this part.

§ 32.8 Notice.

(a) A recipient, other than a small recipient, shall take appropriate initial and continuing steps to notify participants, beneficiaries, referral sources, applicants, and employees, including those with impaired vision or hearing, and unions or professional organizations which have collective bargaining or professional agreements with the recipient, that it does not discriminate on the basis of handicap in violation of section 504 and of this part. The notification shall state, where appropriate, that the recipient does not discriminate in the admission or access to, or treatment or employment in, its programs and activities. The notification shall also include an identification of the responsible employee designated pursuant to § 32.7. A recipient shall make the initial notifications required by this paragraph within 90 days of the effective date of this part. Methods of initial and continuing notification may include the posting of notices, publication in newspapers and magazines, placement of notices in recipient's publications, and distribution of memoranda or other written communications.

(b) If a recipient publishes or uses recruitment materials or publications containing general information that it makes available to participants, beneficiaries, applicants, or employees, it shall include in those materials or publications a statement of the policy described in paragraph (a) of this section. A recipient may meet the requirement of this paragraph either by including appropriate inserts in existing materials and publications or by revising and reprinting the materials and publications.

§ 32.9 Administrative requirements for small recipients.

The Assistant Secretary may require any recipient that provides services to fewer than 15 beneficiaries or with fewer than 15 employees, or any class of such recipients, to comply with §§ 32.7 and 32.8, in whole or in part, when the Assistant Secretary finds a violation of this part or finds that such compliance will not significantly impair the ability of the recipient or class of recipients to provide benefits or services.

§ 32.10 Effect of State or local law or other requirements and effect of employment opportunities.

(a) The obligation to comply with this part is not obviated or alleviated by the existence of any state or local law or other requirement that, on the basis of handicap, imposes prohibitions or limits upon the eligibility of qualified handicapped individuals to receive services, participate in programs or practice any occupation or profession.

(b) The obligation to comply with this part is not obviated or alleviated because employment opportunities in any occupation or profession are or may be more limited for handicapped individuals than for nonhandicapped persons.

Subpart B—Employment Practices and Employment Related Training Program Participation

§ 32.12 Discrimination prohibited.

(a) *General.* (1) No qualified handicapped individual shall, on the basis of handicap, be subjected to discrimination in employment under any program or activity to which this part applies. This subpart is applicable to employees and applicants for employment with all recipients and to participants in employment and training programs financed in whole or in part by Federal financial assistance.

(2) A recipient shall make all decisions concerning employment or training under any program or activity to which this subpart applies in a manner which ensures that discrimination on the basis of handicap does not occur and may not limit, segregate, or classify applicants or employees or participants in any way that adversely affects their opportunities or status because of handicap.

(3) A recipient may not participate in a contractual or other relationship that has the effect of subjecting qualified handicapped applicants, employees or participants to discrimination prohibited by this subpart. The relationships referred to in this subparagraph include relationships with employment and referral agencies, with labor unions, with organizations providing or administering fringe benefits to employees of the recipient, and with organizations providing training and apprenticeship programs.

(b) *Specific activities.* The provisions of this subpart apply to:

(1) Recruitment advertising, and the processing of applicants for employment;

(2) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring;

(3) Rates of pay or any other form of compensation and changes in compensation;

(4) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;

(5) Leaves of absence, sick leave, or any other leave;

(6) Fringe benefits available by virture of employment, whether or not administered by the recipient;

(7) Selection and financial support for training, including apprenticeship, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;

(8) Employer-sponsored activities, including social or recreational programs; and

(9) Any other term, condition, or privilege of employment

(c) *Collective bargaining agreements.* Whenever a recipient's obligation to comply with this subpart and to correct discriminatory practices impacts on and/or necessitates changes in a term of a collective bargaining agreement(s) to which the recipient is a party, the recipient shall attempt to achieve compliance consistent with the provisions of § 32.17(a). However a recipient's obligation to comply with this subpart is not relieved by a term of any such collective bargaining agreement(s).

(d) *Compensation.* In offering employment or promotions to handicapped individuals, the recipient shall not reduce the amount of compensation offered because of any disability income, pension or other benefit the applicant or employee receives from other source.

§ 32.13 Reasonable accommodation.

(a) A recipient shall make reasonable accommodation to the known physical or mental limitations of an otherwise qualified handicapped applicant, employee or participant unless the recipient can demonstrate that the accommodation would impose an undue hardship on the operation of its program.

(b) In determining pursuant to paragraph (a) of this section whether an accommodation would impose an undue hardship on the operation of a recipient's program, factors to be considered include:

(1) The overall size of the recipient's program with respect to number of employees, number of participants, number and type of facilities, and size of budget;

(2) The type of the recipient's operation, including the composition and structure of the recipient's workforce, and duration and type of training program; and

(3) The nature and cost of the accommodation needed.

(c) A recipient may not deny any employment or training opportunity to a qualified handicapped employee, applicant or participant if the basis for the denial is the need to make reasonable accommodation to the physical or mental limitations of the employee, applicant or participant.

(d) Nothing in this paragraph shall relieve a recipient of its obligation to make its program accessible as required in Subpart C of this part, or to provide auxiliary aids, as required by § 32.4(b)(7).

§ 32.14 Job qualifications.

(a) The recipient shall provide for, and shall adhere to, a schedule for the review of the appropriateness of all job qualifications to ensure that to the extent job qualifications tend to exclude handicapped individuals because of their handicap, they are related to the performance of the job and are consistent with business necessity and safe performance.

(b) Whenever a recipient applies job qualifications in the selection of applicants, employees or participants for employment or training or other change in employment status such as promotion, demotion or training, which would tend to exclude handicapped individuals because of their handicap, the qualifications shall be related to the specific job or jobs for which the individual is being considered and shall be consistent with business necessity and safe performance. The recipient shall have the burden to demonstrate that it has complied with the requirements of this paragraph.

§ 32.15 Preemployment inquiries.

(a) Except as provided in paragraphs (b) and (c) of this section, a recipient may not conduct preemployment medical examinations or make preemployment inquiry of an applicant for employment or training as to whether the applicant is a handicapped person or as to the nature or the severity of a handicap. A recipient may, however, make preemployment inquiry into an applicant's ability to perform job-related functions.

(b) When a recipient is taking remedial action to correct the effects of past discrimination, when a recipient is taking voluntary action to overcome the effects of conditions that resulted in limited paticipation in its federally-assisted program or activity, or when a recipient is taking affirmative action pursuant to section 503 of the Act, the recipient may invite applicants for employment or training to indicate whether and to what extent they are handicapped if:

(1) The recipient states clearly on any written questionnaire used for this purpose or makes clear orally, if no written questionnaire is used, that the information requested is intended for use solely in connection with its remedial action obligations or its voluntary or affirmative action efforts.

(2) The recipient states clearly that the information is being requested on a voluntary basis, that it will be kept confidential as provided in paragraph (d) of this section, that refusal to provide it will not subject the applicant, employee or participant to any adverse treatment, and that it will be used only in accordance with this part.

(c) An employer who routinely requires medical examinations as part of the employment selection process must demonstrate that each of the requirements of this subsection are met:

(1) The medical examination shall be performed by a physician qualified to make functional assessments of individuals in a form which will express residual capacity for work or training. Such an assessment does not require clinical determinations of disease or disability, but shall provide selecting or referring officials sufficient information regarding any functional limitations relevant to proper job placement or referral to appropriate training programs. Factors which may be assessed may include, for example, use of limbs and extremities, mobility and posture, endurance and energy expenditure, ability to withstand various working conditions and environments, use of senses and mental capacity;

(2) The results of the medical examination shall be specific and objective so as to be susceptible to review by independent medical evaluators and shall be transmitted to the applicant or employee at the same time as the employing official;

(3) The results of the medical examination shall not be used to screen out qualified applicants and employees but to determine proper placement and reasonable accommodation. The employing official using physical or mental information obtained pursuant to this section should be familiar with physical or mental activities involved in performing the job, and the working conditions and environment in which it is carried out. If the applicant is being considered for a variety of jobs having different requirements or skills, the employing official should make a functional assessment of the physical or mental demands of the jobs in order to match the applicant with the most suitable vacancy;

(4) All of potential employees for the jobs are subjected to the medical examination;

(5) The procedures for using medical examinations or the medical information shall be constructed in such a manner that:

(i) A conditional job offer was made or the individual was conditionally placed in a job pool or conditionally placed on an eligibility list prior to the medical examination being performed; or

(ii) The results of the medical examination were considered by the employing official only after a conditional decision to make a job offer or the individual had been placed conditionally in a job pool or conditionally placed on an eligibility list; that is the medical results were the last factor evaluated by the employing officials before a final decision to make an offer of employment was made.

(6) Unless a conditional job offer is made prior to the medical examination, all potential employees for the job shall be informed at the time of the medical examination that:

(i) The results of the medical examination are the last factor evaluated by the employing official before a final decision to make an offer of employment is made, and

(ii) The medical examination results shall be transmitted to the employing official and the applicant only after a conditional decision to make a job offer has been made.

(d) Information obtained in accordance with this section as to the medical condition or history of the applicant shall be collected and maintained on separate forms that shall be accorded confidentiality as medical records, except that:

(1) Employing officials may obtain the information after making a conditional decision to make a job offer to the applicant or the applicant was placed conditionally in a job pool or placed conditionally on an eligibility list.

(2) Supervisors and managers may be informed regarding restricions on the work or duties of qualified handicapped persons and regarding necessary accommodations;

(3) First aid and safety personnel may be informed, where appropriate, if the condition might require emergency treatment; and

(4) Government officials investigating compliance with the Act shall be provided information upon request.

§ 32.16 Listing of employment openings.

Recipients should request State employment security agencies to refer qualified handicapped individuals for consideration for employment.

§ 32.17 Labor unions and recruiting and training agencies.

(a) The performance of a recipient's obligations under the nondiscrimination provisions of these regulations may necessitate a revision in a collective bargaining agreement(s). The policy of the Department of Labor is to use its best efforts, directly or through the recipients, subgrantees, local officials, vocational rehabilitation facilities, and other available instrumentalities, to cause any labor union, recruiting and training agency or other representative or workers who are or may be engaged in work under programs of Federal financial assistance to cooperate with, and to comply in the implementation of Section 504.

(b) To effectuate the purposes of paragraph (a) of this section, the Assistant Secretary may hold hearings, public or private, with respect to the practices and policies of any such labor union or recruiting and training agency.

(c) Whenever compliance with section 504 necessitates a revision of a collective bargaining agreement or otherwise significantly affects a substantial number of employees represented by the union, the collective bargaining representatives shall be given an opportunity to present their views to the Assistant Secretary.

(d) The Assistant Secretary may notify any Federal, State, or local agency of his/her conclusions and recommendations with respect to any such labor organization or recruiting and training agency which in his/her judgment has failed to cooperate with the Department of Labor, recipients, subgrantees or applicants in carrying out the purposes of section 504. The Assistant Secretary also may notify other appropriate Federal agencies when there is reason to believe that the practices of any such labor organization or agency violates other provisions of Federal law.

Subpart C—Program Accessibility

§ 32.26 Discrimination prohibited.

No qualified handicapped individual shall, because a recipient's facilities are inaccessible to or unusable by handicapped individuals, be denied the benefits of, be excluded from participation in, or otherwise be subjected to discrimination under any program or activity to which this Part applies.

§ 32.27 Access to programs.

(a) *Purpose.* A recipient shall operate each program or activity to which this part applies so that the program or activity, when viewed in its entirety, is readily accessible to qualified handicapped individuals. This paragraph does not require a recipient to make each of its existing facilities or every part of a facility accessible to and usable by qualified handicapped individuals. However, if a particular program is available in only one location, that site must be made accessible or the program must be made available at an alternative accessible site or sites. Program accessibility requires nonpersonal aids to make the program accessible to mobility impaired persons. Reasonable accommodations, as defined in § 32.3, are required for particular handicapped individuals in response to the specific limitations of their handicaps.

(b) *Scope and application.* (1) For the purpose of this subpart, prime sponsors under the Comprehensive Employment and Training Act and any other individual or organization which receives a grant directly from the Department to establish or operate any program or activity shall assure that the program or activity, including Public Service Employment, Work Experience, Classroom Training and On-the-Job-Training, when viewed in its entirety, is readily accessible to qualified handicapped individuals.

(2) *Job Corps.* All agencies, grantees, or contractors which screen or recruit applicants for the Job Corps shall comply with the nondiscrimination provisions of this Part. Each regional office of the Department of Labor's Employment and Training Administration which makes the decision on

the assignment of a Job Corps applicant to a particular center may, where it finds, after consultation with the qualified handicapped person seeking Job Corps services, that there is no method of complying with § 32.27(a) at a particular Job Corps Center, other than by making a significant alteration in its existing facilities or in its training programs, assign that individual to another Job Corps Center which is accessible in accordance with this section and which is offering comparable training. The Job Corps, and each regional office of the Employment and Training Administration, shall assure that the Job Corps Program, when viewed in its entirety, is readily accessible to qualified handicapped individuals and that all future construction, including improvements to existing Centers, be made accessible to the handicapped.

(3) If a small recipient finds, after consultation with a qualified handicapped person seeking its services, that there is no method of complying with § 32.27(a) other than making a significant alteration in its existing facilities or facility the recipient may, as an alternative, refer the qualified handicapped person to other providers of those services that are accessible.

(c) *Methods.* A recipient may comply with the requirement of § 32.27(a) through such means as redesign of equipment, reassignment of classes or other services to accessible buildings, assignment of aides to beneficiaries, home visits, delivery of services at alternate accessible sites, alteration of existing facilities and construction of new facilities in conformance with the requirements of § 32.28, or any other method that results in making its program or activity accessible to handicapped individuals. A recipient is not required to make structural changes in existing facilities where other methods are effective in achieving compliance with § 32.27(a). In choosing among available methods for meeting the requirement of § 32.27(a), a recipient shall give priority to those methods that offer programs and activities to handicapped persons in the most integrated setting appropriate.

(d) *Time period.* A recipient shall comply with the requirements of § 32.27(a) within 60 days of the effective date of this part except that where structural changes in facilities are necessary, such changes shall be made within three years of the effective date of this part, but in any even as expeditiously as possible.

(e) *Transition plan.* In the event that structural changes to facilities are necessary to meet the requirement of § 32.27(a), a recipient shall develop, within six months of the effective date of this part, a transition plan setting forth the steps necessary to complete such changes. The plan shall be developed with the assistance of interested persons, including qualified handicapped individuals.

A copy of the transition plan shall be made available for public inspection. The plan shall, at a minimum:

(1) Identify physical obstacles in the recipient's facilities that limit the accessibility of its program or activity to qualified handicapped individuals;

(2) Describe in detail the methods that will be used to make the facilities accessible;

(3) Specify the schedule for taking the steps necessary to achieve full program accessibility and, if the time period of the transition plan is longer than one year, identify steps that will be taken during each year of the transition period; and

(4) Indicate the person responsible for implementation of the plan.

(f) *Notice.* The recipient shall adopt and implement procedures to ensure that interested persons, including persons with impaired vision or hearing, can obtain information as to the existence and location of services, activities, and facilities that are accessible to and usable by qualified handicapped individuals.

§ 32.28 Architectural standards.

(a) *Design and construction.* Each facility or part of a facility constructed by, on behalf of, or for the use of a recipient shall be designed and constructed in such manner that the facility or part of the facility is readily accessible to and usable by qualified handicapped individuals, if the construction was commenced after the effective date of this part.

(b) *Alteration.* Each facility or part of a facility which is altered by, on behalf of, or for the use of a recipient after the effective date of this part in a manner that affects or could affect the usability of the facility or part of the facility shall, to the maximum extent feasible, be altered in such manner that the altered portion of the facility is readily accessible to and usable by qualified handicapped individuals.

(c) *Standards for architectural accessibility.* Design, construction, or alteration of facilities under this subpart shall meet the most current standards for physical accessibility prescribed by the General Services Administration under the Architectural Barriers Act at 41 CFR § 101-19.6. Alternative standards may be adopted when it is clearly evident that equivalent or greater access to the facility or part of the facility is thereby provided.

Subpart D—Procedures

§ 32.44 Compliance information.

(a) *Cooperation and assistance.* The Assistant Secretary shall to the fullest extent practicable seek the cooperation of recipients in obtaining compliance with this part and shall provide assistance and guidance to recipients to help them comply voluntarily with this part.

(b) *Compliance reports.* Each recipient shall keep such records and submit to the Assistant Secretary timely, complete and accurate compliance reports at such times, and in such form and containing such information as the Assistant Secretary may determine to be necessary to enable him to ascertain whether the recipient had complied or is complying with this part. For example, recipients should have available for the Department data showing the extent to which known handicapped individuals are beneficiaries and participants in federally assisted programs. In the case of any program under which a primary recipient extends Federal financial assistance to any other recipient, such other recipient shall also submit such compliance reports to the primary recipient as may be necessary to enable the primary recipient to carry out its obligations under this part.

(c) *Access to sources of information.* Each recipient shall permit access by the Assistant Secretary during normal business hours to such of its books, records, accounts, and other sources of information and its facilities as may be pertinent to ascertain compliance with this part. Where any information required of a recipient is in the exclusive possession of any other agency, institution or person and this agency, institution or person shall fail or refuse to furnish this information, the recipient shall so certify in its report and shall set forth what efforts it has made to obtain the information. Asserted considerations of privacy or confidentiality may not operate to bar the Department from access to or copying of records or information, or from evaluating or seeking to enforce compliance with this part.

(d) *Posters and information.* The recipient will post in prominent locations (bulletin boards, time clock areas, etc.) posters designed and furnished by DOL outlining and summarizing the nondiscrimination requirements of section 504. The recipient also will make readily available information on Section 504 requirements with respect to compliance procedures, the rights of beneficiaries and employees through handbooks, pamphlets and other materials furnished by DOL.

§ 32.45 Investigations.

(a) *Periodic compliance reviews.* The Assistant Secretary shall from time-to-time review the practices of recipients to determine whether they are complying with this part.

(b) *Adoption of grievance procedures.* A recipient shall adopt an internal review procedure incorporating appropriate due process standards which provides for the prompt and equitable resolution of complaints alleging any action prohibited by this part. The complainant or his or her representative shall file the complaint with the recipient for processing under those procedures. A complaint must be filed not later than 180 days from the date of the alleged discrimination, unless the time for filing is extended by the Assistant Secretary for good cause shown. The recipient shall maintain records on all complaints filed alleging violation of the Act and shall make such records available to the Assistant Secretary upon request. The complaint and all actions take thereunder shall be kept confidential by the recipient. If the complaint has not been resolved under those procedures satisfactorily to the complainant within 60 days of the filing or referral, the complainant or his or her representative may file a complaint with the Assistant Secretary within 30 days of the recipient level decision or 90 days from the date of filing the complaint, whichever is earlier. Upon such filing, the Assistant Secretary will proceed as provided in this section. Exhaustion of recipient level procedures shall be required except where:

(1) The recipient has not acted within the timeframe specified in this section; or

(2) The recipient's procedures are not in compliance with this section; or

(3) An emergency situation is determined to exist by the Assistant Secretary.

(c) *Complaints.* Where recipient level procedures have been exhausted, any person who believes he or she or any specific class of individuals has been subjected to discrimination prohibited by this part may (or through an authorized representative) file a written complaint with the Assistant Secretary.

(d) *Contents of complaints.* Complaints must be signed by the complainant or his or her authorized representative and must contain the following information:

(1) Name and address (including telephone or TTY number) of the complainant;

(2) Name and address of the recipient or sub-grantee who committed the alleged violation;

(3) A description of the act or acts considered to be a violation;

(4) A statement that the individual is handicapped or has a history of a handicap or other documentation of impairment or was regard by the recipient as having an impairment; and

(5) Other pertinent information available which will assist in the investigation and resolution of the complaint.

(e) *Incomplete information.* Where a complaint contains incomplete information, the Assistant Secretary shall seek the needed information or any other information which indicates a possible failure to comply with this part from the complainant and shall be responsible for developing a complete record. If such information is not provided within 60 days, the complaint may be closed upon notice to the parties.

(f) *Resolution of matters.* Where an investigation indicates that the recipient has not complied with the requirements of the Act or this part. efforts shall be made to secure compliance through conciliation and persuasion within a reasonable time. Before the recipient or subgrantee can be found to be in compliance, it must make a specific commitment, in writing, to take corrective action to meet the requirements of the Act and this part. The commitment must indicate the precise action to be taken and dates for completion. The time period allowed should be no longer than the minimum period necessary to effect such changes. Upon approval of such commitment by the Assistant Secretary, the recipient may be considered in compliance on condition that the commitments are kept. Where the investigation indicates a violation of the Act or regulations in this part (and the matter has not been resolved by informal means), the Assistant Secretary shall afford the recipient an opportunity for a hearing in accordance with § 32.47.

(g) *Intimidatory or retaliatory acts prohibited.* The sanctions and penalties contained in this regulation may be exercised by the Assistant Secretary against any recipient or subgrantee who fails to take all necessary steps to ensure that no person intimidates, threatens, coerces or discriminates against any individual for the purpose of interfering with the filing of a complaint, furnishing information, or assisting or participating in any manner in an investigation, compliance review, hearing, or any other activity related to the administration of the Act.

§ 32.46 Procedure for effecting compliance.

(a) *General.* If there appears to be a failure or threatened failure to comply with this regulation and if the noncompliance or threatened noncompliance cannot be corrected by informal means, the Department may suspend, terminate or refuse to grant or to continue Federal financial assistance or take any other means authorized by law. Such other means may include, but are not limited to:

(1) A referral to the Department of Justice with a recommendation that appropriate proceedings be brought to enforce any rights of the United States under any law of the United States or any assurance; and

(2) Any applicable proceeding under state or local law.

(b) *Noncompliance with the requirements of this part.* If a recipient fails or refuses to comply with a requirement imposed by or pursuant to this part, the Department may institute an administrative enforcement proceeding to compel compliance with the requirement, to seek appropriate relief, and or to terminate Federal financial assistance in accordance with the procedures of paragraph (c) of this section. The Department shall not be required to provide assistance in such a case during the pendency of the administrative proceedings under such paragraph if grants have not yet been approved or funds not yet committed to the recipient. However, the Department shall continue assistance during the pendency of such proceedings where such assistance is due and payable pursuant to an application therefor approved prior to the effective date of this part.

(c) *Termination of or refusal to grant or to continue Federal financial assistance.* No order suspending, terminating or refusing to grant or continue Federal financial assistance shall become effective until:

(1) The Assistant Secretary has advised the applicant or recipient of its failure to comply and compliance has not been secured by voluntary means; and

(2) There has been an express finding on the record, after opportunity for hearing, of a failure by the applicant or recipient to comply with a requirement imposed by or pursuant to this part. Any action to suspend or terminate or to refuse to grant or to continue Federal financial assistance shall be limited to the particular political entity, or part thereof, or other applicant or recipient as to whom such a finding has been made and shall be limited in its effect to the particular program, or part thereof, in which such noncompliance has been so found.

(d) *Other means authorized by law.* No action to effect compliance by any other means authorized by law shall be taken until:

(1) The Assistant Secretary has determined that compliance cannot be secured by voluntary means;

(2) The recipient or other person has been notified of its failure to comply and of the action to be taken to effect compliance; and

(3) The expiration of at least 10 days from the mailing of such notice to the recipient or other person.

§ 32.47 Hearing practice and procedure.

(a) All hearings conducted under section 504 of the Rehabilitation Act of 1973, as amended, and the regulations in this part shall be governed by the Department of Labor's rules of practice for administrative proceedings to enforce Title VI of the Civil Rights Act of 1964 contained in 29 CFR Part 31.

(b) For the purposes of hearings pursuant to this part 32, references in 29 CFR Part 31 to Title VI of the Civil Rights Act of 1964 shall mean section 504 of the Rehabilitation Act of 1973, as amended.

(c) The Assistant Secretary from time-to-time may assign to officials of other departments or agencies of the Government or of the Department of Labor (with the consent of such department or agency) responsibilities in connection with the effectuation of the purposes of section 504 of the Act and this part (other than responsibility for final decisions as provided in § 32.46), including the achievement of effective coordination and maximum uniformity within the Department and within the executive branch of the Government in the application of section 504 and this part to similar programs and in similar situations.

(d) Any action taken, determination made, or requirement imposed by an official of another Department or agency acting pursuant to an assignment of responsibility under this subsection shall have the same effect as though such action had been taken by the Secretary.

Subpart E—Auxiliary Matters

§ 32.48 Post-termination proceedings.

(a) An applicant or recipient adversely affected by an order suspending, terminating or refusing to grant or continue Federal financial assistance shall be restored to full eligibility to receive Federal financial assistance if it satisfies the terms and conditions of that order for such eligibility, brings itself into compliance with this part and satisfies the Assistant Secretary that it will fully comply with section 504 and this part.

(b) Any applicant or recipient adversely affected by an order suspending, terminating or refusing to grant or continue Federal financial assistance may request the Assistant Secretary to restore fully its eligibility to receive Federal financial assistance. Any such request shall be supported by information showing that the applicant or recipient has met the requirements of subparagraph (a) of this paragraph. If the Assistant Secretary determines that those requirements have been satisfied, the applicant's or recipient's eligibility shall be restored.

(c) If the Assistant Secretary denies any such request, the applicant or recipient may submit a written request for a hearing, specifying why it believes the Assistant Secretary to have been in error. It shall thereupon be given an expeditious hearing, with a decision on the record, in accordance with rules of procedure specified in this part. The applicant or recipient will be restored to such eligibility if it proves at such hearing that it satisfied the requirements of paragraph (a) of this section. While proceedings under this paragraph are pending, the sanctions imposed by the order suspending, terminating or refusing to grant or continue Federal financial assistance shall remain in effect.

§ 32.49 Recordkeeping.

(a) Each recipient shall maintain for a period of not less than three years records regarding complaints and actions taken thereunder, and such employment or other records as required by the Assistant Secretary or by this part and shall furnish such information in the form required by the Assistant Secretary or as the Assistant Secretary deems necessary for the administration of the Act and regulations in this part.

(b) Failure to maintain and furnish complete and accurate records as required under this section is a ground for the imposition of appropriate sanctions.

§ 32.50 Access to records.

Each recipient shall permit access and copying during normal business hours to its places of business, books, records and accounts pertinent to compliance with the Act, and all rules and regulations promulgated pursuant thereto for the purposes of investigation.

§ 32.51 Rulings and interpretations.

Ruling under or interpretations of the Act and the regulations contained in this Part 32 shall be made by the Assistant Secretary.

APPENDIX A

Accommodations may take many forms based on the type of handicap and the needs of the individual. In developing appropriate accommodations, the individual should be consulted as to particular needs.

The following is a list of possible types of accommodations provided for guidance and technical assistance. These suggestions are not mandatory, and other forms of accommodation not described herein may be required if they are appropriate to meet the needs of particular handicapped individuals.

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Accommodations for Participants and Employees

(a) Job restructuring means the procedure which includes:

(1) Identifying the separate tasks that comprise a job or group of jobs;

(2) Developing new position descriptions which retain some of the tasks of the original job; and

(3) Developing a career ladder which builds upward from the new positions which contain the lesser skilled tasks to regular jobs. A restructured job can be clearly different from the original one in terms of skills, knowledge, abilities, and work experience needed to perform the work. Job restructuring is intended to maximize the abilities of the particular handicapped person and is not intended to permit a recipient to underemploy or job-stereotype that person. A restructured job, for example, could be one in which the more highly skilled but physically less demanding duties are retained, e.g. operating controls and switches in a steel mill, and less skilled, physically taxing duties, e.g. lifting, pulling, are reassigned to non-handicapped employees.

(b) Modify job or program schedules, for example, by allowing for a flexible schedule a few days a week so that a participant or employee may undergo medical treatment or therapy. Work-times or participation in program activities may also be altered to permit handicapped individuals to travel to and from work during non-rush hours. For employees or participants who become unable to perform the duties of their positions because of a physical or mental condition, recipients may be required to grant liberal time off or leave without pay when paid sick leave is exhausted and when the disability is of a nature that it is likely to respond to treatment of hospitalization. See, e.g., 339 Federal Personnel Manual-1-3(b)(1).

(c) Modify program and work procedures and training time.

(d) Relocate particular offices or jobs or program activities so that they are in facilities accessible to and usable by qualified handicapped persons. For example, an employee or participant with a respiratory ailment can be placed in a "nonsmoking" and/or well-ventilated office.

(e) Acquire or modify equipment or devices. For hearing-impaired participants or employees, this may include placing amplifiers on telephone receivers, making telephone equipment compatible with hearing aids, providing flashing lights to supplement telephone rings or installing telecommunications devices (TDD's or TTY's). For blind participants or employees, this may include providing tape recorders or dictating machines for those who cannot type. For wheelchair-users, this may include raising on blocks a desk that is otherwise too low for the employee, rather than purchasing a specially-made desk. A recipient is not obligated to acquire or modify equipment that enables a participant or employee to perform a particular job or participate in a particular program until after an employee with a need for these modifications is hired for a particular office or admitted to a program.

(f) Provide readers, interpreters, and similar assistance as needed for deaf, blind and other handicapped participants or employees. In most instances, this would not require a full-time assistant.

(g) Decrease reliance solely on one form of communication. For example, for deaf participants or employees this may include supplementing program or job orientation sessions with written manuals and other visual materials. If appropriate, a visual warning system should be installed. It may also include providing flashing lights to supplement auditory signals such as sirens and alarm bells. For blind employees, this may include making some communications available in braille, enlarged print, or on cassette recordings. A recipient should tailor the accommodations listed above to the needs of the individual participants or employees who have been admitted to a particular program or hired for a particular office.

(h) Provide human relations-sensitivity training on issues pertaining to handicapped discrimination to all recipient employees.

(i) Conduct ongoing training and planning sessions with recipient supervisors, managers, personnel, technical experts and disability rights advocates to implement and evaluate methods of reasonable accommodation.

Accommodations for Applicants

(a) Announce program and job vacancies in a form readily understandable by mentally handicapped persons and by persons with impaired vision or hearing, for example, by making the announcements available in braille or on cassette tapes. § 32.4(e) of DOL's proposed section 504 regulations requires recipients to insure that communications with applicants are available to persons with impaired vision or hearing. Recipients shall undertake to explain, as appropriate, program and job announcements to mentally handicapped participants or employees or applicants. For example, this might entail notifying known mentally handicapped participants or employees of openings for positions that they might be able to perform and taking specific steps to clearly explain the nature of the program or job and its benefits to that individual.

Handicapped Persons

(b) Provide readers, interpreters, and other similar assistance during the application, testing, and interview process.

(c) Appropriately adjust or modify examinations so that the test results accurately reflect the applicant's skills, aptitude or whatever other factor the test purports to measure, rather than reflecting the applicant's impaired sensory, manual, or speaking skills (except where those skills are the factors that the test purports to measure). This may require the extension of traditional time deadlines or allowing, for example, a blind person to answer an examination orally.

(d) If necessary waive traditional tests and permit the applicant to demonstrate his or her skills through alternate techniques and utilization of adapted tools, aids, and devices.

PART 40—FARM LABOR CONTRACTOR REGISTRATION

Subpart A—Registration of Farm Labor Contractors and Their Full-Time Employees

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AUTHORITY: Sec. 14, 78 Stat. 924 (7 U.S.C. 2050c), and sec. 17, 88 Stat. 1659 (7 U.S.C. 2053); Secretary's Order No. 16-75, 40 FR 55913; Secretary's Order No. 1-81, 46 FR 28048; and Employment Standards' Order No. 78-1, 43 FR 51469.

SOURCE: 41 FR 26820, June 29, 1976, unless otherwise noted.

Subpart A—Registration of Farm Labor Contractors and Their Full-Time Employees

GENERAL

§ 40.1 Purpose and scope.

(a) Congress, in enacting the Farm Labor Contractor Registration Act of 1963, as amended ("the Act"), found "that the channels and instrumentalities of interstate commerce are being used by certain irresponsible contractors for the services of the migrant agricultural laborers who exploit producers of agricultural products, migrant agricultural laborers, and the public generally * * *." It therefore requires "that all persons engaged in the activity of contracting for the services of workers for agricultural employment comply with the provisions of this Act and all regulations prescribed hereunder by the Secretary of Labor."

(b) These regulations implement this finding and policy.

(c) The Act requires certain persons to obtain Certificates of Registration or Farm Labor Contractor Employee Identification Cards prior to performing any activities which constitute engagement in farm labor contracting within the meaning of the Act and prescribes the responsibilities for holders of such certificates or employee identification cards. In addition, persons to whom farm workers are furnished by farm labor contractors also have specific responsibilities.

(d) The Act empowers the Secretary of Labor to enforce the Act, conduct investigations, issue subpenas, and, in the case of designated violations of the Act, to impose sanctions, including the refusal to issue or to renew or the suspension or revocation of a Certificate of Registration or Farm Labor Contractor Employee Identification Card. As provided in the Act, the Secretary is empowered, among other things, to impose an assessment and to collect a civil money penalty of not more than $1,000 for each violation, to deny a person the facilities and services available under the Wagner-Peyser Act, to seek a temporary or permanent restraining order in a Federal District Court, and to seek the imposition of criminal penalties on farm labor contractors or their employees who willfully and knowingly violate any provision of the Act.

(e) This Subpart A sets forth the substantive regulations promulgated by the Secretary, pursuant to authority contained in the Act, relating to the issuance, renewal or replacement of a Farm Labor Contractor Certificate of Registration or a Farm Labor Contractor Employee Identification Card, the obligations and responsibilities of persons issued such certificates or identification cards, the obligations and responsibilities of persons furnished farm workers by farm labor contractors, the grounds for refusal to issue or to renew or for the revocation or suspension of such certificates or identification cards, and the sanctions authorized by the Act. It also provides for the imposition of civil money penalties for violation of the Act or regulations issued thereunder and indicates factors to be considered by the Secretary of Labor or authorized representative in assessing the amount of such penalty.

(f) Subpart B sets forth the rules of practice for administrative hearings relating to a refusal to issue or to renew, or the suspension or revocation of either document. It also outlines the procedure for filing a challenge to a proposed administrative action relative to violations and summarizes the methods provided for collection and recovery of the civil money penalty.

§ 40.2 Definitions.

For purposes of this part:

(a) The term "person" includes any individual, partnership, association, joint stock company, trust, or corporation.

(b) The term "farm labor contractor" means "any person, who, for a fee, either for himself or on behalf of another person, recruits, solicits, hires, furnishes or transports migrant workers (excluding members of the contractor's immediate family) for agricultural employment." The term shall not include:

(1) Any nonprofit charitable organization, public or nonprofit private educational institution, or similar organization;

(2) Any farmer, processor, canner, ginner, packing shed operator, or nurseryman who personally engages in any such activity for the purpose of supplying migrant workers solely for his own operation;

(3) Any full-time or regular employee of any entity referred to in paragraph (b) (1) or (2) of this section who engages in such activity solely for his employer on no more than an incidental basis;

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(4) Any person who engages in such activity—

(i) Solely within a 25 miles intrastate radius of his permanent place of residence and

(ii) For not more than 13 weeks per year;

(5) Any person who engaged in any such activity for the purpose of obtaining migrant workers of any foreign nation for employment in the United States, if the employment of such workers is subject to—

(i) An agreement between the United States and such foreign nation or

(ii) An arrangement with the Government of any foreign nation under which written contracts for the employment of such workers are provided for and the enforcement thereof is provided for through the United States by an instrumentality of such foreign nation;

(6) Any full-time or regular employee of any person holding a Certificate of Registration under this Act;

(7) Any common carrier or any full-time regular employee thereof engaged solely in the transportation of migrant workers;

(8) Any custom combine, hay harvesting, or sheep shearing operation;

(9) Any custom poultry harvesting, breeding, debeaking, sexing, or health service operation, provided the employees of the operation are not regularly required to be away from their domicile other than during their normal working hours; or

(10) Any person who would be required to register solely because the person is engaged in any such activity solely for the purpose of supplying full-time students or other persons whose principal occupation is not farmwork to detassel and rogue hybrid seed corn or sorghum for seed and to engage in other incidental farmwork for a period not to exceed four weeks in any calendar year: Provided, That such students or other persons are not required by the circumstances of such activity to be away from their permanent place of residence overnight: Provided further, That such students or other persons, if under 18 years of age, are not engaged in providing transportation in vehicles caused to be operated by the contractor.

(c) The term "fee" includes any money or other valuable consideration paid or promised to be paid to a person for services as a farm labor contractor.

(d) The term "agricultural employment" means employment in any service or activity included within the provisions of Section 3(f) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 203(f)), or Section 3121(g) of the Internal Revenue Code of 1954 (26 U.S.C. 3121(g)) and the handling, planting, drying, packing, packaging, processing, freezing, or grading prior to delivery for storage of any agricultural or horticultural commodity in its unmanufactured state.

(e) The term "migrant worker" means an individual whose primary employment is in agriculture, as defined in Section 3(f) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 203(f)), or who performs agricultural labor, as defined in Section 3121(g) of the Internal Revenue Code of 1954 (26 U.S.C., 3121(g)), on a seasonal or other temporary basis.

(f) The term "immediate family" of the farm labor contractor includes only:

(1) A spouse;

(2) Children, stepchildren, and foster children;

(3) Parents, stepparents, and foster parents; and

(4) Brothers and sisters.

(g) The term "Secretary" means the Secretary of the United States Department of Labor or the Secretary's duly authorized representative.

(h) "Administrator" means the Administrator of the Wage and Hour Division, Employment Standards Administration, United States Department of Labor, and such authorized representative as may be designated by the Administrator to perform any of the functions of the Administrator under this part.

(i)(1) "Solicitor of Labor" means the Solicitor, United States Department of Labor, and includes attorneys designated by the Solicitor to perform functions of the Solicitor under this part.

(2) "Associate Solicitor for Fair Labor Standards" means the Associate Solicitor who among other duties, is in

charge of litigation for FLCRA, Office of the Solicitor, U.S. Department of Labor, Washington, D.C. 20210.

(3) "Regional Solicitors/Regional Attorneys" means attorneys in charge of the various regional offices of the Office of the Solicitor.

(j)(1) The "Administrative Law Judge" means a person appointed as provided in 5 U.S.C. 3105 and Subpart B of Part 930 of Title 5 of the Code of Federal Regulations (see 37 FR 16787) and qualified to preside at hearings under 5 U.S.C. 557.

(2) The "Chief Administrative Law Judge" means the Chief Administrative Law Judge, United States Department of Labor, Washington, D.C. 20210.

(k) The term "State" means any of the States of the United States, the District of Columbia, the Virgin Islands, the Commonwealth of Puerto Rico, and Guam.

(l) "Convicted" means that a final judgment of guilt has been rendered by a court of competent jurisdiction from which no opportunity for appeal remains.

(m) A "full-time or regular employee" who is required to obtain a Farm Labor Contractor Employee Identification Card is a person who performs farm labor contracting activities solely on behalf of a farm labor contractor holding a valid Certificate of Registration and is not an independent contractor.

(n) A "Certificate of Registration" is the certificate issued by the Administrator which permits a person to engage in activities as a farm labor contractor.

(o) A "Farm Labor Contractor Employee Identification Card" is a card issued pursuant to this part permitting a full-time or regular employee of a person holding a valid Certificate of Registration to engage in activities as a farm labor contractor.

(p) A farm labor contractor is deemed an "owner" of a vehicle or housing facilities if said person has a legal or equitable interest therein.

(q) A farm labor contractor is in "control" of a vehicle or housing facilities regardless of the location of such facilities if said person is in charge of or has the power or authority to oversee, manage, superintend or administer the vehicle or housing, either personally or through an authorized agent or employee acting on behalf of said farm labor contractor, irrespective of whether compensation is paid for engaging in any of the aforesaid capacities.

(r) An "illegal alien" is any person who is an alien not lawfully admitted for permanent residence or who has not been authorized by the Attorney General to accept employment.

(s) A "common carrier" by motor vehicle is one which holds itself out to the general public to engage in transportation of passengers for hire, whether over regular or irregular routes, and which holds a valid certificate of authorization for such purposes from an appropriate local, State or Federal agency.

(t) The "Wagner-Peyser Act" is the Act of June 6, 1933 (48 Stat. 113; codified in 29 U.S.C. 49, *et seq.*), providing *inter alia* for the establishment of the U.S. Employment Service.

(u) The term "Employment Service of the various States" means a State agency vested with all powers necessary to cooperate with the U.S. Employment Service under the Wagner-Peyser Act.

[41 FR 26820, June 29, 1976, as amended at 42 FR 22364, May 3, 1977; 44 FR 17672, Mar. 23, 1979; 44 FR 72588, Dec. 14, 1979; 47 FR 24702, June 8, 1982]

§ 40.3 Certificate of Registration required.

Any person who desires to engage in any activity as a farm labor contractor, as defined in the Act and these regulations, must first obtain a Certificate of Registration authorizing each such activity.

§ 40.4 Farm Labor Contractor Employee Identification Card required.

Any person desiring to engage in recruiting, soliciting, hiring, furnishing, or transporting migrant workers solely on behalf of a farm labor contractor holding a valid Certificate of Registration, issued pursuant to the Act and these regulations, as a full-time or regular employee of such contractor must obtain a Farm Labor Contractor Employee Identification Card authorizing such activity or activities. Such identification card must be obtained prior to the employee's engagement in any of the aforementioned farm labor contractor activities and must show the name of the farm labor contractor for whom such activities are to be performed.

§ 40.5 Corporations, partnerships, associations and other organizations.

Any corporation, partnership, association or other organization which is a farm labor contractor within the meaning of the Act must obtain a Certificate of Registration. Any employee, including any officer or director of such a corporation, or partner or employee of a partnership, or member, officer, or other employee of an association or any other organization, who engage in farm labor contractor activities as a full-time or regular employee of such business organization, shall obtain a Farm Labor Contractor Employee Identification Card prior to so engaging.

§ 40.6 Public central registry.

The Administrator shall maintain a public central registry of all persons issued Certificates of Registration or Farm Labor Contractor Employee Identification Cards. All information filed therein shall be made available upon request in accordance with Part 70 of this title. Requests for information concerning such registry may be directed to the Administrator, Wage and Hour Division, U.S. Department of Labor, Washington, D.C. 20210.

§ 40.7 Compliance with State statutes.

This Act and the provisions contained in this part are intended to supplement State action and compliance with this Act or this part shall not excuse anyone from compliance with appropriate State law and regulation.

§ 40.8 Filing of applications, notices and documents.

Unless otherwise prescribed hereinafter, all applications, notices and other documents required or permitted to be filed by these regulations shall be filed in accordance with the provisions of §§ 40.220 through 40.223 of this part.

§ 40.9 Accuracy of information, statements and data.

Information, statements and data submitted in compliance with the provisions of the Act or this part are subject to Title 18, Section 1001, of the United States Code which provides:

> § 1001. *Statements or entries generally*
>
> Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

REGISTRATION REQUIREMENTS

§ 40.11 Filing of applications for Certificates of Registration.

(a) Applications for an initial or renewal Certificate of Registration are available at, and may be filed in, any office of the Employment Service of the various States.

(b) Registration under the Federal law is required whether or not licensing or registration of farm labor contractors is required under State law.

§ 40.12 Execution of application for Certificate of Registration.

The application shall set forth the information required thereon, shall be subscribed and sworn to by the applicant, and shall have attached the applicant's fingerprints on Form FD-258 as prescribed by the U.S. Department of Justice.

§ 40.13 Appointment of Secretary as agent for substituted service.

No Certificate of Registration shall be issued unless and until each applicant executes a writing which shall be subscribed and sworn to and which shall contain the following declaration:

> I do hereby designate and appoint the Secretary of Labor, United States Department of Labor, as my lawful agent to accept service of summons in any action against me, at any and all times during which I have departed from the jurisdiction in

which such action is commenced or otherwise have become unavailable to accept service, and under such terms and conditions as are set by the court in which such action has been commenced.

§ 40.14 Vehicle liability insurance.

Before any person may transport, within the meaning of the Act, migrant workers and their property in any vehicle which such person owns, operates, controls, or causes to be operated, compliance with the insurance or financial responsibility requirements of the Act must be shown by submitting the following, except to the extent that other arrangements pursuant to § 40.15 of this part have been approved by the Secretary:

(a) A completed Farm Labor Contractor vehicle liability certificate of insurance showing that the passenger hazard is included (as evidence of liability insurance which covers the workers while being transported). Such certificate represents that a vehicle liability insurance policy, including a farm labor contractor liability endorsement, provides insurance in an amount not less than the amounts applicable to vehicles used in the transportation of passengers under the Interstate Commerce Act and regulations promulgated pursuant thereto. These amounts currently are as follows:

INSURANCE REQUIRED FOR PASSENGER EQUIPMENT

	12 or less passengers	More than 12 passengers
Limit for bodily injuries to or death of 1 person	$100,000	$100,000
Limit for bodily injuries to or death of all persons injured or killed in any 1 accident (subject to a maximum of $100,000 for bodily injuries to or death of 1 person)	300,000	500,000
Limit for loss or damage in any 1 accident to property of others (excluding cargo)	50,000	50,000

The certificate also represents that the insurance was obtained from an insurance carrier licensed or otherwise authorized to do business in the State in which the insurance is obtained.

(b) If the passenger hazard has been excluded from the farm labor contractor vehicle liability certificate of insurance referred to in paragraph (a) of this section applicant shall submit in addition to such certificate of insurance a completed farm labor contractor standard accident policy certificate of insurance as evidence of the issuance of a farm labor contractor standard accident policy. Said policy or policies shall be issued by an insurance carrier licensed or otherwise authorized to do business in the State in which the insurance is obtained. The coverage afforded by such substitute insurance policy or policies shall not be less than the minimum amounts required in paragraph (a) of this section.

[41 FR 26820, June 29, 1976; 41 FR 27318, July 2, 1976]

§ 40.15 Proof of financial responsibility in lieu of insurance.

Financial responsiblity in lieu of insurance may be evidenced by a liability bond executed by the applicant, identified in the instrument as the "principal," together with a third party, identified in the instrument as the "surety," to assure payment of any liability up to $500,000 for damages to persons or property arising out of the applicant's ownership of, operation of, or causing to be operated any vehicle for the transportation of migrant workers in connection with the business, activities, or operations as a farm labor contractor. The "surety" shall be one which appears on the list contained in Treasury Department Circular 570, or which has been approved by the Secretary under the Employee Retirement Income Security Act of 1974 (Pub. L. 93-406). Treasury Department Circular 570 may be obtained from the U.S. Treasury Department, Audit Staff, Bureau of Government Financial Operations, Washington, D.C. 20226.

§ 40.16 Qualifications and eligibility of insurance carriers.

(a) No certificate of insurance issued by an insurance carrier in accordance with this part will be accepted, unless said insurance carrier meets the following requirements:

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(1) The insurance carrier possesses and maintains surplus funds (policyholders' surplus) of not less than the minimum amount required by the U.S. Treasury Department, which minimum shall be determined on the basis of the values of assets and liabilities as shown in its financial statements filed with and approved by the insurance department or other insurance regulatory authority of the State of domicile (home State) of such company, except in instances where in the judgment of the Administrator additional evidence with respect to such values is considered necessary; and

(2) The insurance carrier has a general policyholder's rating of B or better in the current issue of "Best's—Insurance Reports—Fire and Casualty," or a "recommended" rating in the current issue of "Best's—Insurance Reports—Life."

(b) If the insurance carrier is not listed in the current issue of Best's, or, if listed, is not assigned a general policyholder's rating of B or better or "recommended" whichever is applicable, such carrier may request approval for eligibility by submitting to the Administrator its latest financial statement, as filed with the insurance department of its home State, on the standard form, with all exhibits and schedules included, and copies of reports of examination on conditions and affairs, as prepared by State supervisory authorities and such other information as the Administrator may request.

§ 40.17 Duration of insurance or liability bond.

Any insurance policy or liability bond which is obtained pursuant to this Act shall provide the required coverage for the full period during which the applicant for a Certificate of Registration shall be engaged in transporting migrant workers within the meaning of the Act during a calendar year.

§ 40.18 Limitations on cancellation of insurance or liability bond.

Any insurance policy or liability bond required by the Act or this part shall provide that it shall not be cancelled, rescinded, or suspended, nor become void for any reason whatsoever during such period in which the insurance or liability bond is required by the Act to be effective, except upon the expiration of the term for which it is written; or unless the parties desiring to cancel shall have first given thirty (30) days notice to the Administrator. The notice will include a statement setting forth the reason for cancellation, rescission, or suspension of such policy or bond. The notice shall be in writing and forwarded via certified or registered mail, addressed to the Administrator of the Wage and Hour Division, U.S. Department of Labor, Washington, D.C. 20210. Said thirty (30) days notice shall commence to run from the date notice is actually received by the Administrator.

§ 40.19 Authorization to transport migrant workers.

(a) No farm labor contractor may transport migrant workers within the meaning of the Act, unless said person shall submit:

(1) Written proof of insurance or financial responsibility, as required by §§ 40.14 and 40.15 of this part;

(2) A statement in the manner prescribed by the Secretary identifying each vehicle to be used by the applicant for the transportation of migrant workers and under the applicant's ownership or control; and

(3) Written proof that every such vehicle is in compliance with all applicable Federal and State safety and health standards and with the rules and regulations promulgated by the Bureau of Motor Carrier Safety, Federal Highway Administration of the U.S. Department of Transportation.

(b) If the farm labor contractor is to drive a vehicle for the transportation of migrant workers, the contractor must seek authorization for such activity by:

(1) Submitting with the application for the initial Certificate of Registration a doctor's certificate on the prescribed form, and when applying for a renewal Certificate of Registration with authorization to drive, a new completed doctor's certificate must be submitted if the previous doctor's certificate is more than 3 years old; and

(2) Submitting evidence of an appropriate license to operate such vehicle.

§ 40.20 Authorization to house migrant workers.

(a) If an applicant for a Certificate of Registration is the owner of or will control facilities to be used for housing migrant workers during any period for which such a certificate is sought, said applicant shall submit:

(1) A statement identifying such facilities; and

(2) Written proof that the housing facilities comply with Federal safety and health standards as prescribed in either 20 CFR 654.404 *et seq.* or 29 CFR 1910.142 and applicable State standards of safety and health. Such written proof may be either a statement signed by the person to whom migrant workers are furnished by a farm labor contractor attesting that the housing facilities comply with Federal safety and health standards and also with applicable State safety and health standards, or a written statement containing an attestation with equal effect and signed by the applicant, or written statements issued by an authorized State and Federal Agency.

(b) Should the required written proof be unavailable at the time of filing an application, the applicant must attest in writing that migrant workers in the applicant's crew will not be housed in any facilities under the ownership or control of the applicant that do not conform to all applicable Federal and State safety and health standards. In such event, if otherwise eligible, the applicant will be issued a certificate of registration without a housing authorization. This certificate may be amended to include an authorization to house migrant workers at such time as the required written proof is forthcoming.

(Sec. 14, 78 Stat. 924 (7 U.S.C. 2050c), and sec. 17, 88 Stat. 1659 (7 U.S.C. 2053); Secretary's Order No. 16-75, 40 FR 55913; and Employment Standards' Order 2-75, 40 FR 56743)

[43 FR 44839, Sept. 29, 1978, as amended at 45 FR 14186, Mar. 4, 1980; 45 FR 34879, May 23, 1980]

§ 40.21 Expiration and renewal of Certificate of Registration.

A Certificate of Registration, once issued, may not be transferred or assigned and shall be effective for the remainder of the calendar year during which it was issued unless suspended or revoked. In any case in which an application for renewal of a valid Certificate of Registration submitted in accordance with the requirements of §§ 40.11 through 40.20 of these regulations has been made on or before November 30 of the year preceding the year for which renewal is sought, the authority to operate as a farm labor contractor under an existing certificate shall not expire until the renewal application shall have been finally determined by the Administrator.

§ 40.22 Replacement of Certificate of Registration.

If a Certificate of Registration is lost or destroyed, a duplicate Certificate of Registration may be obtained by the submission to the regional office that issued it or to any regional office of the Wage and Hour Division, Employment Standards Administration of a written statement explaining its loss or destruction, indicating where the original application was filed and requesting that a duplicate be issued.

EMPLOYEE IDENTIFICATION

§ 40.31 Filing of application for Farm Labor Contractor Employee Identification Card.

(a) Applications for an initial or renewal Farm Labor Contractor Employee Identification Card are available at, and may be filed in, any office of the Employment Service of the various States.

(b) An Employee Identification Card issued under Federal law is required whether or not registration, licensing or identification of such person is required under State law.

§ 40.32 Execution and Content of application for Farm Labor Contractor Employee Identification Card.

(a) The application shall set forth the information required thereon, shall be subscribed and sworn to by

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the applicant, and shall have attached the applicant's fingerprints on Form FD-258 as prescribed by the U.S. Department of Justice.

(b) If a full-time or regular employee of a farm labor contractor is to drive any vehicle for the transportation of migrant workers in connection with the business activities or operations of a farm labor contractor, such employee shall seek authorization for such activity by (1) submitting with the application for the initial Employee Identification Card a doctor's certificate on the prescribed form, and when applying for a renewal of such card with authorization to drive, a new completed doctor's certificate must be submitted if the previous doctor's certificate is more than 3 years old; and (2) submitting evidence of an appropriate license to operate such vehicle.

§ 40.33 Authorized use of Farm Labor Contractor Employee Identification Card.

(a) Any employee holding a valid Farm Labor Contractor Employee Identification Card described in § 40.4 of this part is authorized to engage in the activity or activities stated on such card solely on behalf of the employee's named employer who is a holder of a valid Certificate of Registration without obtaining a Certificate of Registration as a farm labor contractor in such employee's own name.

(b) The authorization provided by Section 4(b) of the Act and paragraph (a) of this section shall continue as long as the Farm Labor Contractor Employee Identification Card:

(1) Remains valid;

(2) Is in the immediate personal possession of such holder when engaging in any activity authorized thereby; and

(3) Is exhibited to any person with whom said holder undertakes to deal in such capacity.

§ 40.34 Replacement of Farm Labor Contractor Employee Identification Card, lost card or change of employment.

(a) If a Farm Labor Contractor Employee Identification Card is lost or destroyed, a duplicate card may be obtained by submitting to the regional office that issued it or to any regional office of the Wage and Hour Division, Employment Standards Administration, a written statement explaining its loss or destruction, indicating where the original application was filed, the name and number of the farm labor contractor by whom employed, and requesting that a duplicate be issued.

(b) A Farm Labor Contractor Employee Identification Card is valid only during the period in which the holder is a full-time or regular employee of the registered farm labor contractor named on the identification card. If, prior to the expiration of the identification card, the holder, through a change in employment, should become a full-time or regular employee of a different registered farm labor contractor, a replacement identification card which names the new employer may be obtained by submitting to the regional office that issued the original card or to any regional office of the Wage and Hour Division, Employment Standards Administration a written statement that includes the date of the change in employment status and the name, home address, current address and certificate registration number of the new employer.

(c) Any change of employment referred to in paragraph (b) of this section must be reported immediately.

§ 40.35 Expiration and renewal of Farm Labor Contractor Employee Identification Card.

(a) A Farm Labor Contractor Employee Identification Card, once issued, may not be transferred or assigned and shall expire on December 31 of the year of issuance, unless suspended or revoked prior thereto. The holder of such a card may request renewal of such card by executing and filing in any office of the Employment Service of the various States, the following:

(1) An application for renewal;

(2) Upon request, a completed U.S. Department of Justice Fingerprint Card, Form FD-258; and

(3) A prescribed doctor's certificate and appropriate operator's license in accordance with § 40.32(b), if such ap-

plicant is to be engaged as a driver for transporting migrant workers.

(b) In any case in which an application for renewal of an Employee Identification Card has been submitted in accordance with the requirements of paragraph (a) of this section on or before November 30 of the year preceding the year for which renewal is sought, the authority to operate as a full-time or regular employee of a holder of a Certificate of Registration shall not expire until the renewal application shall have been finally determined by the Administrator.

ACTION ON APPLICATIONS

§ 40.41 Office of filing, action.

(a) Each application for a Certificate of Registration or a Farm Labor Contractor Employee Identification Card filed at any of the offices designated in §§ 40.11 and 40.31 respectively shall be transmitted promptly to the appropriate regional office of the Wage and Hour Division, Employment Standards Administration, except as provided in paragraph (b) of this section.

(b) Each application for a Certificate of Registration or a Farm Labor Contractor Employee Identification Card filed in a State authorized to issue such documents on behalf of the Administrator shall be processed by the appropriate State agency. See § 40.43 of this Part.

[42 FR 43626, Aug. 30, 1977]

§ 40.42 Issuance, refusal to issue, suspension, revocation or refusal to renew: Farm Labor Contractor Certificate of Registration or Farm Labor Contractor Employee Identification Card.

(a) The Administrator or authorized representative shall:

(1) Review each application transmitted by the offices of filing and determine whether such application is complete and properly executed.

(2) When appropriate, notify the applicant in writing of any incompleteness or error in execution of an application and return the application for correction and completion.

(3) Determine after appropriate investigation whether the applicant has complied with the requirements of the Act and this part and if appropriate issue a Certificate of Registration or a Farm Labor Contractor Employee Identification Card authorizing the performance of any or all activities permitted under the Act.

(b) The Administrator, upon notice and hearing in accordance with Subpart B of this part, may refuse to issue, may suspend, revoke or refuse to renew a Certificate of Registration or a Farm Labor Contractor Employee Identification Card when an investigation presents grounds as set forth in § 40.63 of this part for such action.

[41 FR 26820, June 29, 1976; 41 FR 27318, July 2, 1976]

§ 40.43 Issuance of Farm Labor Contractor Certificates of Registration and Farm Labor Contractor Employee Identification Cards by States.

(a) Pursuant to Section 8 of the Act, the Secretary may enter into an agreement with any State authorizing that State to issue Certificates of Registration and Farm Labor Contractor Employee Identification Cards on behalf of the Administrator.

(b) Every agreement entered into pursuant to this section shall require that Certificates of Registration and Farm Labor Contractor Employee Identification Cards be issued by the State in conformity with the provisions of the Act, and the regulations, interpretations and guidelines issued thereunder.

(c) Any agreement entered into pursuant to this section shall be terminated, without hearing, after written notice by the Secretary, the Administrator, or the appropriate State official.

(d) Every Certificate of Registration and every Farm Labor Contractor Employee Identification Card, whether issued by a State pursuant to this section or issued by the Administrator under § 40.42 of this part, shall be valid in any State.

(e) The Secretary in accordance with the provisions of this section, has entered into an agreement with each State listed herein below;

Florida.
New Jersey.
Virginia.

(f) Every agreement entered into pursuant to this Section is available for public inspection and copying in accordance with 29 CFR Part 70.

(8 U.S.C. 2047; Pub. L. 88-582, sec. 8, Sept. 7, 1964; 78 Stat. 923)

[42 FR 43627, Aug. 30, 1977, as amended at 44 FR 75628, Dec. 21, 1979]

OBLIGATIONS OF AND PROHIBITED ACTS

§ 40.51 Obligations of a farm labor contractor.

The Act and these regulations imposes the following obligations on all farm labor contractors:

(a) The farm labor contractor shall obtain an appropriate Certificate of Registration before engaging in any activities of a farm labor contractor.

(b) The farm labor contractor shall provide the Secretary with a notice of each and every address change within 10 days after such change of address.

(c) Whenever a farm labor contractor obtains a vehicle or learns of the intended use of a vehicle for the transportation of migrant workers by said contractor and such vehicle or vehicles are under the contractor's ownership or control, said contractor shall, within 10 days after he obtains or learns of such intended use:

(1) Furnish a statement which shall identify each such vehicle;

(2) Provide written proof that each such vehicle conforms to all applicable Federal and State safety and health standards; and

(3) Furnish written proof of insurance or financial responsibility for such vehicle or vehicles to the office which originally had issued the Certificate of Registration.

(d) If the farm labor contractor is to drive a vehicle for the transportation of migrant workers, the contractor must seek advance authorization for such activity by (1) submitting on a prescribed form a doctor's certificate with the application for the initial Certificate of Registration and when applying for a renewal certificate with authorization to drive, a new completed doctor's certificate, if the previous doctor's certificate is more than 3 years old; and (2) submitting evidence of an appropriate license to operate such vehicle.

(e) If the farm labor contractor obtains housing facilities, or learns that certain facilities will be used for housing migrant workers and such facilities are under the ownership or control of the contractor, said contractor shall provide the documentation as prescribed in paragraph (a) of § 40.20 to the regional office which had issued the initial certificate. This document shall be submitted within 10 days after the contractor obtains or learns of the intended use of such real property and prior to its actual use.

(f) A registered farm labor contractor shall carry the Certificate of Registration at all times while engaging in farm labor contracting activities and shall exhibit the same to all persons with whom the contractor intends to deal as a farm labor contractor, including, but not limited to, workers, growers, processors, and State Employment Agency personnel, prior to so dealing.

(g) The farm labor contractor shall ascertain and disclose to the worker to the best of the contractor's knowledge and belief at the time the worker is recruited, the following information in writing, in a language and manner understandable to such worker on a form such as WH-416 (information on wages and working conditions):

(1) The area of employment;

(2) The crops and operations on which the worker may be employed;

(3) The transportation, housing, and insurance to be provided the worker;

(4) The wage rates to be paid the worker;

(5) The charges to be made by the farm labor contractor for such contractor's services;

(6) The period of employment;

(7) The existence of a strike or other concerted stoppage, slowdown, or interruption of operations by employees at a place of contracted employment; and

(8) The existence of any arrangements between the farm labor contractor and any owner, proprietor, or agent of any commercial or retail establishment in the area of employment, under which the contractor is to receive a commission or any other benefit resulting from any sales provided to such establishment from the migrant workers.

(h) Upon arrival at a given place of employment, the farm labor contractor shall post in a conspicuous place a written statement of the terms and conditions of that employment in a language in which the workers are fluent and written in a manner understandable by such workers.

(i) In the event the contractor owns, manages, supervises, or otherwise controls the housing facilities, such person shall post in a conspicuous place the terms and conditions of occupancy in a language in which the worker is fluent and in a manner understandable by such worker.

(j) The farm labor contractor shall provide to each migrant worker engaged in agricultural employment with whom the contractor deals in a capacity as a farm labor contractor a statement of all sums paid to such contractor (including sums received on behalf of such migrant worker) on account of the labor of such migrant worker. The farm labor contractor shall additionally provide each such worker with an itemized statement showing all sums withheld by said contractor from the amount received on account of the labor of such worker, and the purpose for which such sums were withheld.

(k) In the event the farm labor contractor pays the migrant workers engaged in agricultural employment, either on behalf of such contractor or on behalf of another person, such contractor shall also keep payroll records which shall show for each worker in each workweek of the payroll period, name in full, home address, total earnings, itemized statement of all withholdings or deductions from earnings, net earnings, the hours worked each day, the total hours worked each workweek, and hourly rate of pay. If the worker is employed on a time basis other than hourly, this record shall also show the time period constituting the basis for payment. In addition, if the worker is employed on a piece rate basis, the payroll records shall show the number of units of work performed and the rate per unit.

(l) The farm labor contractor shall provide to the person to whom a migrant worker is furnished all information and records required to be kept by such contractor under paragraph (k) of this section and all information required to be provided to any migrant worker under paragraph (j) of this section.

(m) The farm labor contractor shall promptly pay or contribute when due to the individuals entitled thereto all moneys or other things of value entrusted to said farm labor contractor by any farm operator for such purposes.

(n) A farm labor contractor shall refrain from requiring any worker to purchase any goods solely from such farm labor contractor or any other person.

(o) The farm labor contractor shall refrain from violating or from taking any action in violation of Section 5(b) of the Act.

(p) A farm labor contractor shall refrain from recruiting, employing or utilizing with knowledge the services of any person who is an alien not lawfully admitted for permanent residence or who has not been authorized by the Attorney General to accept employment, and must evidence an affirmative showing of a *bona fide* inquiry of each prospective employee's status as a United States citizen or as a person lawfully authorized to work in the United States. Such affirmative showing will be deemed to be met by written documentation that reliance in good faith was based on any of the following:

(1) Acceptable evidence of United States citizenship:

(i) Birth certificate.

(ii) Certificate of citizenship.

(iii) Certificate of naturaliztion.

(iv) U.S. identification card (INS—Form I-179 or I-197).

(v) Passport issued by United States identifying person as citizen of United States.

(vi) Consular report of birth (State Department Form FS-240).

(vii) Baptismal certificate under seal of a church or other religious body which practices infant baptism showing the individual's date and place of birth within the United States, its territories or possessions.

(viii) A document under seal of a religious body which does not practice infant baptism showing the individual's date and place of birth within the United States, its territories or possessions.

(ix) Tribal enrollment card in an American Indian tribe recognized by the Bureau of Indian Affairs.

(x) Other written advice from The Immigration and Naturalization Service attesting that such person is a citizen of the United States.

(xi) A copy of a declaration, signed by the applicant, under penalty of prosecution for violation of Title 18 U.S.C. § 1001, and witnessed by the signature of the appropriate official of the Employment Service, affixed in the presence of the applicant, filed with the United States Employment Service or any of its affiliated offices attesting that such person is a citizen of the United States, was born at the place stated and on the date set forth thereon, and reciting the following additional information:

(A) Social Security number such (voluntary) and,

(B) Names and addresses of three adult citizens of the United States who can be contacted to verify declarant's citizenship.

(xii) A certificate issued by the Department of Labor, Bureau of Employment Security, Commonwealth of Puerto Rico which attests that, based upon examination of any of the documents prescribed by paragraphs (i) through (xi) above, the individual named and identified by the picture on that certificate was born within the United States (including its territories and possessions) at the place and on the date specified thereon and which sets forth such individual's home address (street and number, city, State, zip code) and Social Security number.

(2) INS—Form I-151 or I-551, Alien Registration Receipt Card (green card), which is proof that the alien has been lawfully admitted to the United States for permanent residence and may accept any employment in this country without restriction. It is a green or blue-green wallet-sized laminated card, bearing a photograph of the alien and contains information concerning his alien registration number, date of admission as an immigrant, birth date and sex.

(3) INS—Form I-94 (with or without a passport):

(i) INS—Form I-94 bearing an employment authorization consisting of the words "Employment Authorized."

(ii) INS—Form I-94 bearing the designation of H-2, as endorsed on the front or back of the form, authorizing a person to engage only in agricultural employment during the period of such person's authorized stay in the United States.

(4) Any other written advice from the Immigration and Naturalization Service (INS) that such person is an alien authorized by INS to accept such employment in agriculture in the United States.

(5) United States Armed Forces Discharge Papers.

(q) A farm labor contractor is responsible for assuring that every full-time or regular employee employed by such Contractor has obtained either a Farm Labor Contractor Employee Identification Card or a Certificate of Registration, as required by the Act and these regulations, prior to such employee's engagement in any activity enumerated in Section 3(b) of the Act.

Approved by the Office of Management and Budget under control no. 1215-0128.

[41 FR 26820, June 29, 1976, as amended at 45 FR 35325, May 27, 1980; 45 FR 40985, June 17, 1980; 45 FR 55192, Aug. 1, 1980; 47 FR 145, Jan. 5, 1982]

§ 40.52 Obligations of person holding a valid Farm Labor Contractor Employee Identification Card.

Any person holding a valid Farm Labor Contractor Employee Identification Card in accordance with the provisions of §§ 40.31 through 40.35 of this part is subject to and is required to comply with all of the provisions of the Act and these regulations to the same extent as if said person had been required to obtain a Certificate of Registration in such person's own name.

Approved by the Office of Management and Budget under control no. 1215-0128.

[41 FR 26820, June 29, 1976, as amended at 47 FR 145, Jan. 5, 1982]

§ 40.53 Obligations of grower, processor, and other user.

Any person who is furnished any migrant worker by a farm labor contractor shall:

(a) Maintain all payroll records required to be kept by such person under Federal law;

(b) Obtain and maintain records containing the information required to be provided to such person by the farm labor contractor under Section 6(e) of the Act and § 40.51(l) of this part with respect to migrant workers paid by a farm labor contractor; and

(c) Determine before engaging the services of a farm labor contractor to supply farm labor that the contractor possess a Certificate of Registration that is in full force and effect at the time he contracts with the farm labor contractor.

Approved by the Office of Management and Budget under control no. 1215-0128.

[41 FR 26820, Jan. 29, 1976, as amended at 47 FR 145, Jan. 5, 1982]

§ 40.54 Discrimination prohibited.

(a) Any person is deemed to have violated the Act if such person intimidates, threatens, restrains, coerces, blacklists, discharges, or in any manner discriminates against any migrant worker who for just cause has:

(1) Filed a complaint with reference to this Act with the Secretary of Labor; or

(2) Instituted or caused to be instituted any proceeding under or related to this Act; or

(3) Has testified or is about to testify in any proceeding under or related to this Act; or

(4) Has exercised on behalf of others any right or protection afforded by this Act to such persons.

(b) A complaint alleging such discriminatory conduct may be filed with the Secretary within 180 days after the happening of such unlawful acts.

VIOLATIONS AND SANCTIONS

§ 40.61 Report of violations, investigations, issuance of subpenas.

(a) Any person may report a violation of the Act or regulations of this part to the Administrator by advising any local office of the Employment Service of the various States, or any office of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, or any other representative of the Administrator. The office or person receiving such a report shall refer it to the regional office of the Wage and Hour Division, Employment Standards Administration for the region in which the reported violation is alleged to have occurred and the Administrator shall direct that an appropriate investigation of any alleged violation shall be made.

(b) The Administrator, upon receipt of a complaint or upon his own initiative, may investigate and gather data respecting such case, may enter and inspect such places and records (and make copies thereof), may question persons being investigated or proceeded against, may issue subpenas requiring the attendance and testimony of witnesses or the production of any documentary or other evidence from any place in the United States at any designated place of hearing as may be appropriate, to determine whether a violation of this Act or this part has been committed. In connection with the foregoing, the said officer or his agent may administer oaths and affirmations, examine witnesses and receive evidence.

(c) In case of disobedience to a subpena, the aid of a Federal District Court which is authorized to issue an order requiring the person or business organization to obey such subpena may be invoked.

(d) Investigations are to be conducted in a manner which protects the confidentiality of any complainant or other person who provides information on a confidential basis, in accordance with Part 70 of this title.

§ 40.62 Sanctions.

(a) Violations of the Act or regulations thereunder may result in the imposition of civil injunctive relief or, in the case of willful and knowing violations by a farm labor contractor or employee thereof, the imposition of criminal sanctions. In addition, civil money penalties of not more than $1,000 for each violation may be assessed administratively. Further, administrative action may be taken to suspend, revoke, refuse to issue or renew a Certificate of Registration or Employee Identification Card, and to deny the facilities and services afforded by the Wagner-Peyser Act. The taking of any one of the above actions shall not be a bar to the concurrent taking of any other action enumerated in this section.

(b) If, upon the receipt of a complaint in which a worker has alledged discriminatory action of a type specified in section 13(a) of the Act and § 40.54 of this part, the ensuing investigation results in a determination that such discriminatory conduct had been committed, an action shall be instituted in an appropriate Federal District Court to restrain such violation and to seek such other relief as may be appropriate, including rehiring or reinstatement of the worker, with backpay, or damages.

§ 40.63 Certificates of Registration and Farm Labor Contractor Employee Identification Cards—grounds for revocation or suspension or refusal to issue or to renew.

Certificates of Registration and Farm Labor Contractor Employee Identification Cards may be revoked or suspended, or issuance or renewal thereof refused, if the applicant or registrant:

(a) Fails or refuses to comply with any provisions of § 40.51 of this part;

(b) Knowingly has made any misrepresentations or false statements in an application for a Certificate of Registration or for Farm Labor Contractor Identification Card or any renewal thereof;

(c) Knowingly has given false or misleading information to migrant workers concerning the terms, conditions, or existence of agricultural employment;

(d) Has failed, without justification, to perform agreements entered into or arrangements with farm operators;

(e) Has failed, without justification, to comply with the terms of any working arrangements that the applicant or registrant has made with migrant workers;

(f) Has failed to show financial responsibility satisfactory to the Administrator or has failed to keep in effect a policy of insurance as required by section 5(a)(2) of the Act;

(g) Has recruited, employed or utilized, with knowledge, the services of any person, who is an alien not lawfully admitted for permanent residence, or who has not been authorized by the Attorney General to accept employment;

(h) Has been convicted of any crime under State or Federal law relating to gambling or to the sale, distribution, or possession of alcoholic liquors in connection with or incident to his activities as a farm labor contractor; or has been convicted of any crime under State or Federal law involving robbery, bribery, extortion, embezzlement, grand larceny, burglary, arson, violation of narcotics laws, murder, rape, assault with intent to kill, assault which inflicts grievous bodily injury, prostitution, or peonage; where the date of the judgment of conviction of any crime as specified herein has been entered with a period of 5 years preceding the action of the Secretary under this paragraph;

(i) Has failed to comply with rules and regulations as required by §§ 40.19 and 40.20 of this part;

(j) Knowingly employs or continues to employ any person, to whom subsection (b) of section 4 of the Act applies, who has taken any action, except for that listed in paragraph (f) of this section, which could be used by the Administrator under this section to refuse to issue a Certificate of Registration;

(k) Is not in fact the real party in interest in any such application for a Certificate of Registration and that the real party in interest is a person, firm, partnership, association, or corporation who previously has been denied a Certificate of Registration, has had a Certificate of Registration suspended or revoked, or who does not presently qualify for a Certificate of Registration;

(l) Has failed to furnish, or refused to allow a designated representative of the Administrator to obtain appropriate information necessary to make a determination of eligibility for a Certificate of Registration or a Farm Labor Contractor Employee Identification Card as provided by Sections 5(b) and 7 of the Act;

(m) Has used a vehicle for the transportation of migrant workers, or has used real property for the housing of migrant workers while such vehicle or real property failed to conform to all applicable Federal and State safety and health standards, to the extent any such vehicle or real property has come within the ownership or control of such farm labor contractor;

(n) Has intimidated, threatened, restrained, coerced, blacklisted, discharged, or in any manner discriminated against any migrant worker who has filed a complaint or instituted or caused to be instituted any proceeding or has exercised any right or protection afforded by this Act, whether such action is on behalf of said worker or on behalf of others; or

(o) Has failed to comply with any of the provisions of this Act or any regulations issued thereunder.

§ 40.64 Denial of facilities and services of Wagner-Peyser Act.

(a)(1) Upon determination by the Secretary that a person has knowingly engaged the services of a farm labor contractor who did not possess a valid Certificate of Registration as required by the Act, such person may be denied the facilities and services authorized by the Wagner-Peyser Act for a period of up to 3 years.

(2) Evidence that a farm labor contractor possesses a Certificate of Registration that is in full force and effect may consist of:

(i) The Certificate of Registration submitted by the farm labor contractor; or

(ii) A confirmation of such fact obtained from the Secretary's public central registry of all persons issued Certificates of Registration.

(3) If an investigation results in a finding of violation, the Secretary shall notify any person charged with such violation of any proposal to deny such person the facilities and services available under the Wagner-Peyser Act, and of such person's right to request a hearing, as prescribed in Subpart B of this part.

(b) If a farm labor contractor fails or refuses to exhibit a valid Certificate of Registration to all persons with whom he intends to deal in his capacity as a farm labor contractor prior to so dealing, as required by section 6(a) of the Act and § 40.51(f) of this part, the contractor shall be denied the facilities and services authorized by the Wagner-Peyser Act and shall also be subject to such penalties as are provided in the Act or in this part.

§ 40.65 Civil money and other administrative penalties.

(a) Where violations by any persons of the Act or any regulations promulgated thereunder have been disclosed and have resulted in proposals to refuse renewal or issuance or to suspend or to revoke a Certificate of Registration or a Farm Labor Contractor Employee Identification Card or to assess a civil money penalty or to deny persons the services and facilities of the Wagner-Peyser Act, anyone so charged is entitled to an opportunity for a proceeding before an administrative law judge as described in Subpart B of this part.

(b) Any assessment of a civil money penalty shall be based on the available evidence and shall take into consideration among others, one or more of the following factors:

(1) Previous history of violation or violations.

(2) The number of migrant workers affected by the violation or violations.

(3) The gravity of the violation or violations.

(4) Efforts made in good faith to comply with the Act.

(5) Explanation of person charged with the violation or violations.

(6) Assurances of future compliance, taking into account the public health, interest or safety.

(7) Financial gain on the part of the violator or financial losses to worker or workers.

§ 40.66 Waiver of rights.

Any agreement by an employee purporting to waive or modify any rights inuring to said person under this Act or rules promulgated thereunder shall be void as contrary to public policy.

except a waiver or modification of rights or obligations hereunder in favor of the Secretary shall be valid for purposes of enforcement of the provisions of the Act or rules promulgated thereunder.

Subpart B—Administrative Proceedings

General

§ 40.101 Establishment of procedures and rules of practice.

This subpart codifies, amends, and establishes the procedures and rules of practice necessary for the enforcement of the Act.

§ 40.102 Applicability of procedures and rules.

(a) The procedures and rules contained herein establish the administrative processes necessary for a determination:

(1) To refuse to issue or renew, or to suspend or revoke, either a "Certificate of Registration" or a "Farm Labor Contractor Employee Identification Card";

(2) To impose a civil money penalty for any violation of the Act or the provisions of Subpart A of these regulations;

(3) To deny the facilities and services authorized by the Wagner-Peyser Act; and

(4) To the filing of a complaint alleging discriminatory conduct.

(b) The procedures and rules contained herein also summarize the methods to be utilized in the assessment, collection, and recovery of any civil money penalties administratively assessed under the Act and these regulations.

(c) Finally, the procedures and rules contained herein specify the administrative responsibility resulting from section 5(a)(5) of the Act relating to the service of summons upon the Secretary on behalf of farm labor contractors.

Procedures Relating to Hearings on Refusal to Issue or Renew, or to Suspend or Revoke, a Certificate of Registration or a Farm Labor Contractor Employee Identification Card

§ 40.111 Refusal to issue or renew, or to suspend or revoke—written notice required.

(a) Whenever the Administrator finds and determines that a Certificate of Registration or a Farm Labor Contractor Employee Identification Card should be suspended or revoked or that issuance or renewal thereof should be refused, the applicant or holder of the Certificate of Registration or identification card shall be notified in writing of such determination.

(b) In cases involving a determination relating to a farm labor contractor, written notice shall also be given to every holder of an Employee Identification Card which was issued or applied for on behalf of such farm labor contractor.

(c) In cases involving a determination relating to a Farm Labor Contractor Employee Identification Card, written notice shall also be given to the holder of the Certificate of Registration under which the identification card was issued or applied for.

§ 40.112 Contents of notice.

The notice referred to in § 40.111 shall:

(a) Set forth the determination of the Administrator and the reason or reasons therefor.

(b) Apprise the applicant or holder of the right to request a hearing on the determination to refuse to issue, or renew or to suspend or revoke, a Certificate of Registration or a Farm Labor Contractor Employee Identification Card.

(c) Apprise the applicant or holder of the time and method for making such request, and the procedures relating thereto, in accordance with the provisions of § 40.113.

(d) Inform the applicant or holder that in the absence of a request for a hearing, the determination of the Administrator shall become the final and unappealable order of the Secretary.

§ 40.113 Request for hearing.

(a) Any applicant or holder desiring to request an administrative hearing on the determination to refuse to issue or renew, or to suspend or revoke, a Certificate of Registration or a Farm Labor Contractor Employee Identification Card shall make such request in writing to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, 200 Constitution Avenue NW., Washington, D.C. 20210, no later than twenty (20) days after the service of the notice referred to in § 40.111.

(b) The request for such hearing shall be in writing, signed by the person making the request or by an authorized representative of such person, and delivered in person or by mail to the above address, within the time set forth in paragraph (a) of this section. For the affected party's protection, if this notice is by mail, such notice should be by certified mail.

PROCEDURES RELATING TO HEARINGS ON CIVIL MONEY PENALTIES

§ 40.121 Assessment of civil money penalty, written notice required.

Whenever the Administrator finds that any person has violated any provision of the Act or these regulations and has determined that a civil money penalty shall be assessed, a written notification of such determination shall be served upon the person against whom such penalty has been assessed.

§ 40.122 Contents of notice.

The notice referred to in § 40.121 shall:

(a) Set forth the determination of the Administrator and shall include:

(1) A description of each violation for which a civil money penalty has been assessed; and

(2) The amount of civil money penalty assessed for each violation identified in paragraph (a)(1) of this section.

(b) Apprise the affected person or persons of the right to request a hearing on the determination of the assessment of the civil money penalty or penalties referred to in § 40.121.

(c) Inform the affected person or persons that in the absence of a request for a hearing, the determination of the Administrator shall become the final and unappealable order of the Secretary.

(d) Apprise the affected person or persons of the time and method for making such request, and the procedures relating thereto, in accordance with the provisions of § 40.123.

§ 40.123 Request for hearing.

(a) Any person desiring to request an administrative hearing on the determination to assess civil money penalties shall make such request in writing to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C. 20210, no later than thirty (30) days after the service of the notice referred to in § 40.121.

(b) The request for such hearing shall be in writing, signed by the person making the request or by an authorized representative of such person, and delivered in person or by mail to the above address, within the time set forth in paragraph (a) of this section. For the affected person's protection, if this notice is by mail, such notice should be by certified mail.

§ 40.124 Civil money penalties—payment and collection.

Where the assessment is directed in a final order by the Secretary or in a final judgment issued by a Federal District Court, the amount of the penalty is immediately due and payable to the United States Department of Labor. The person charged with such penalty shall remit promptly the amount thereof, as finally determined, to the Secretary by certified check or by money order, made payable to the order of "Wage and Hour Division, Labor." The remittance shall be delivered or mailed to the Administrator, either in Washington, D.C., or to the Regional Wage and Hour Division Office located in the area in which the violations occurred.

PROCEDURES RELATING TO HEARINGS FOR DENIAL OF WAGNER-PEYSER FACILITIES

§ 40.131 Denial of facilities and services authorized by Wagner-Peyser Act.

Whenever the Administrator finds and determines that any person should be denied the facilities and services authorized by the Wagner-Peyser Act for violations of the Farm Labor Contractor Registration Act (see § 40.64 of Subpart A) or these regulations, that person shall be notified in writing of such determination and the length of such denial.

§ 40.132 Contents of notice.

The notice referred to in § 40.131 shall:

(a) Set forth the determination of the Administrator and the reason or reasons therefor.

(b) Apprise the affected person or persons of the right to request a hearing on the determination to deny the Wagner-Peyser Act facilities and services referred to in § 40.131.

(c) Inform the affected person or persons that in the absence of a request for a hearing, the determination of the Administrator shall become the final and unappealable order of the Secretary.

(d) Apprise the affected person or persons of the time and method for making such request, and the procedures relating thereto, in accordance with the provisions of § 40.133.

§ 40.133 Request for hearing.

(a) Any person desiring to request an administrative hearing on the determination referred to in § 40.131 shall make such request in writing to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C. 20210, no later than twenty (20) days after the service of the notice referred to in § 40.131.

(b) The request for such hearing shall be in writing, signed by the person making the request or by an authorized representative of such person, and delivered in person or by mail to the above address, within the time set forth in paragraph (a) of this section. For the affected party's protection, if this notice is by mail, such notice should be by certified mail.

§ 40.134 Automatic denial of facilities and services authorized by Wagner-Peyser Act—duration.

In accordance with section 6(a) of the Act, the facilities and services authorized by the Wagner-Peyser Act are denied to any farm labor contractor or holder of a Farm Labor Contractor Employee Identification Card issued under this Act, during the period and whenever such person fails to exhibit a valid Certificate of Registration or Employee Identification Card to a representative of the employment service.

PROCEDURES RELATING TO THE FILING OF A COMPLAINT ALLEGING DISCRIMINATORY CONDUCT

§ 40.141 Discriminatory conduct—complaint.

Any worker who believes that he or she has been discriminated against within the meaning of section 13 of the Act and § 40.54, may file a complaint with the Secretary within one-hundred and eighty (180) days of such discriminatory act.

FORM AND TIME OF REQUEST FOR HEARING

§ 40.151 Form of request.

No particular form is prescribed for any request for hearing permitted by this part. However, any such request shall:

(a) Be typewritten or legibly written;

(b) Be directed to the issue or issues stated in the notice of determination giving rise to such request;

(c) State the specific reason or reasons why the person requesting the hearing believes such determination is in error;

(d) Be signed by the person making the request or by an authorized representative of such person; and

(e) Include the address at which such person or authorized representative desires to receive further communications relating thereto.

§ 40.152 Time for making request.

Any request for a hearing pursuant to these regulations shall be made within the time prescribed by §§ 40.113, or 40.123, or 40.133, of this subpart, as may be appropriate to the matter in controversy, except that if such request is filed pursuant to a notice involving a combination of any of the foregoing, any one of which requires thirty (30) days notice, the time for such notice shall be thirty (30) days after issuance of such notice of determination.

PROCEDURES RELATING TO SUBSTITUTE SERVICE

§ 40.161 Change of address.

(a) Pursuant to sections 5(a)(5) and 5(d) of the Act and §§ 40.13, 40.51(b), and 40.52, every holder of a certificate or identification card shall notify the Administrator within ten (10) days after each and every change of address.

(b) The notification required in paragraph (a) shall be in writing, by certified mail, and addressed to the Administrator, Wage and Hour Division, Employment Standards Administration, 200 Constitution Avenue, NW., Washington, D.C. 20210.

(c) Such change of address shall be deemed effective upon receipt by the Administrator, unless a later date is specified in the notice.

§ 40.162 Substituted service.

(a) Pursuant to section 5(a)(5) of the Act and § 40.13, the Secretary shall accept service of summons for any person issued and holding a valid Certificate of Registration or a valid Employee Identification Card whenever such person has departed from the jurisdiction in which the action giving rise to the service of summons was commenced or whenever such person has become otherwise unavailable to accept service.

(b) Acceptance of service of summons referred to in paragraph (a) of this section shall be under such terms and conditions as are set by the court in which such action has been commenced.

(c) To be effective, such service shall be made by delivery personally or by certified mail to the Administrator of the Wage and Hour Division, either in Washington, D.C., or to the Office of the Administrator, located in the area in which the action has been commenced.

§ 40.163 Responsibility of Secretary for service.

Upon receipt of any substituted service, as described in § 40.162, the same shall be forwarded by certified mail to the last known address furnished by the person for whom service is accepted. Such mailing shall complete the Secretary's responsibility in connection with the substituted service requirement of the Act.

RULES OF PRACTICE

GENERAL

§ 40.201 Commencement of proceeding.

Each administrative proceeding permitted under the Act and these regulations shall be commenced upon receipt of a timely "request for hearing" filed in accordance with §§ 40.113, 40.123, 40.133, or 40.152.

§ 40.202 Designation of record.

(a) Each administrative proceeding instituted under the Act and these regulations shall be identified of record by a number which is preceded by a number identifying the year, followed by the letters FLCRA, and by one or more of the following four designations:

(1) Proceedings involving the "refusal to issue or renew, or to suspend or revoke, a Certificate of Registration or an Employee Identification Card" provided for in §§ 40.111 through 40.113 shall be designated as "R."

(2) Proceedings involving the "assessment of civil money penalties" provided for in §§ 40.121 through 40.124 shall be designated as "P."

(3) Proceedings involving the "denial of facilities and services authorized by the Wagner-Peyser Act" provided for in §§ 40.131 through 40.133 shall be designated as "W."

(5) Proceedings involving a combination of the actions designated in (a)(1) through (a)(3) of this section shall

carry each and every such designation as may be appropriate.

(c) The number, letters, and designation assigned to each such proceeding shall be clearly displayed on each pleading, motion, brief, or other formal document filed and docketed of record.

[41 FR 26820, June 29, 1976, as amended at 44 FR 72588, Dec. 14, 1979]

§ 40.203 Caption of proceeding.

(a) Each administrative proceeding instituted under the Act and these regulations shall be captioned in the name of the person requesting such hearing, and shall be styled as follows:

In The Matter of ——————, respondent.

(b) For the purposes of such administrative proceeding the "Secretary of Labor" shall be identified as plaintiff and the person requesting such hearing shall be named as respondent.

REFERRAL FOR HEARING

§ 40.210 Referral to Administrative Law Judge.

(a) Upon timely receipt of a request for a hearing filed pursuant to and in accordance with §§ 40.113, 40.123, 40.133, or 40.152, the Associate Solicitor for Fair Labor Standards, or the Regional Solicitors/Regional Attorneys, by Order of Reference, shall promptly refer an authenticated copy of the notice of administrative determination complained of, and the original or a duplicate copy of the request for hearing signed by the person requesting such hearing or by the authorized representative of such person, to the Chief Administrative Law Judge, for a final determination in an administrative proceeding as provided herein. The notice of administrative determination and request for hearing shall be filed of record in the Office of the Chief Administrative Law Judge and shall, respectively, be given the effect of a complaint and answer thereto for purposes of the administrative proceeding, subject to any amendment as may be permitted under these regulations.

(b) A copy of the Order of Reference referred to herein, together with a copy of these regulations, shall be served by counsel for the Administrator upon the person requesting the hearing, in the manner provided in § 40.220.

(c) The Chief Administrative Law Judge, upon receipt of the Order of Reference, shall promptly designate an Administrative Law Judge to conduct the proceeding, which shall be in accordance with section 554 of Title 5, United States Code, and the provisions of this part.

[41 FR 26820, June 29, 1976, as amended at 44 FR 72588, Dec. 14, 1979; 47 FR 24702, June 8, 1982]

§ 40.211 Notice of hearing.

The Administrative Law Judge to whom the matter is referred shall, within ten (10) days following such referral, notify the parties by certified mail of a day, time, and place set for hearing thereon or for a prehearing conference to be held as provided in § 40.237, or both. No date earlier than fifteen (15) days after the date of such notice shall be set for such hearing or conference, except by agreement of the parties. Service of such notice shall be made upon the parties as provided in § 40.220.

§ 40.212 Supplemental pleadings.

If upon review of the notice of administrative determination or the request for hearing thereon, it appears to either party that such document, as originally drafted, requires supplementation in order to clarify the issues for a hearing thereon, an amended notice of administrative determination may be filed by the Secretary or an amended response thereto may be filed by respondent, as the case may be. Such supplemental pleading shall be filed with the Chief Administrative Law Judge, with proof of service upon the opposing party, at least ten (10) days prior to the date set for hearing or for a prehearing conference by the Administrative Law Judge before whom the matter is pending, unless the time for filing such document is extended by the judge. If an amended notice of administrative determination is filed by the Secretary, the respondent shall be entitled to file with the Chief Administrative Law Judge an amended response in response within five (5) days after service upon the respondent of such amended notice. No response is required, but if filed, it must be signed either by the person answering or responding or by the representative of such person.

SERVICE OF PLEADINGS AND DOCUMENTS

§ 40.220 Service of documents—manner of service.

(a) *General.* Any pleading, notice, or other document required by this Subpart B to be filed or served on any person shall be filed or served either personally upon such person or by mail to the last known address of such person. If done by certified mail, filing or service is complete upon mailing. If done by regular mail, filing or service is complete upon receipt by addressee.

(b) *Upon parties.* Service of any pleading, notice, or other document by mail upon an applicant for or a holder of a Certificate of Registration or a Farm Labor Contractor Employee Identification Card shall be made at the address designated either on such applicant's or holder's most recent application, or on any subsequent written communication to the Administrator as provided in §§ 40.151 or 40.161.

(1) Service upon any other party to a proceeding under the Act or these regulations of a pleading or document shall also be made by delivering a copy or mailing a copy to the last known address. When any party is represented by an attorney, service shall be made upon the attorney.

(c) *Additional time for service by mail.* Whenever a party to any proceeding under this part has a right or is required to take any action within a prescribed period after the service of a pleading, notice, or other document upon such party, and the pleading, notice, or document is served upon said party by certified mail, five (5) days shall be added to the prescribed period.

§ 40.221 Service upon the Department of Labor—number of copies.

An original and four copies of all pleadings and other documents required for any administrative proceeding provided herein shall be filed with the Department of Labor, the original and a copy thereof to the Chief Administrative Law Judge, a copy to the Administrative Law Judge assigned to the proceeding, a copy of the Associate Solicitor for General Legal Services, Office of the Solicitor, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C. 20210, and a copy to the attorney representing the Department in the proceeding.

§ 40.222 Proof of service.

The filing of a certificate by the person serving the pleading or other document by personal delivery or by mailing, setting forth the manner of service, shall be proof thereof.

§ 40.223 Computation of time.

(a) Saturdays, Sundays, and Federal legal holidays shall be included in computing the time allowed for filing any pleading, notice, or document under this part, but when the filing time expires on such a day, the period shall be extended to include the next following day which is not a Saturday, Sunday, or a Federal legal holiday.

(b) In computing any period of time prescribed or permitted by this part, the day of the act, event, notice, or default from which the designated period of time begins to run shall not be included.

PROCEDURES BEFORE ADMINISTRATIVE LAW JUDGE, GENERALLY

§ 40.230 Authority of Administrative Law Judge.

(a) *General powers.* In any proceeding under this part, the Administrative Law Judge shall have all powers necessary to the conduct of fair and impartial hearings, including the following:

(1) To administer oaths and affirmations;

(2) To issue subpenas upon proper applications as provided in § 40.234;

(3) To rule upon offers of proof and receive relevant evidence;

(4) To take or cause to be taken depositions and to determine their scope;

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(5) To regulate the course of the hearing and the conduct of the parties and their counsel therein;

(6) To hold conferences for the settlement or simplification of the issues by consent of the parties;

(7) To consider and rule upon procedural requests;

(8) To make and file decisions in conformity with this part;

(9) To take any action authorized by the rules in this part or in conformance with the Administrative Procedure Act;

(10) To exercise, for the purpose of the hearing and in regulating the conduct of the proceeding, such powers vested in the Secretary by Section 7 of the Act as are necessary and appropriate therefor; and

(11) To take any action authorized by the rules of civil procedure for the United States District Court, issued and from time to time amended pursuant to 28 U.S.C. 2072, as deemed necessary and appropriate, unless otherwise proscribed herein.

(b) *Consultation.* The Administrative Law Judge shall not consult any person or party on any fact in issue unless upon notice and opportunity for all parties to participate.

(c) *Disqualification.* (1) When an Administrative Law Judge deems himself/herself disqualified to preside in a particular proceeding, such judge shall withdraw therefrom by notice on the record directed to the Chief Administrative Law Judge.

(2) Whenever any party shall deem the Administrative Law Judge for any reason to be disqualified to preside, or to continue to preside, in a particular proceeding, that party shall file with the Chief Administrative Law Judge a motion to disqualify and remove such Administrative Law Judge. The motion shall be supported by an affidavit setting forth the alleged grounds for disqualification. The Chief Administrative Law Judge shall rule upon the motion, and such ruling shall be final.

(3) In the event of disqualification of an Administrative Law Judge as provided in paragraph (c)(1) or (c)(2) of this section, the Chief Administrative Law Judge shall refer the matter to another Administrative Law Judge for further proceedings.

§ 40.231 Appearances; representation of parties.

The Associate Solicitor for General Legal Services and other counsel, as designated, shall represent the Secretary in any proceeding under these regulations. Respondents shall have the right to appear by or with counsel of their choice, who shall qualify for such representation as provided in 5 U.S.C. 500(b). If not represented by counsel, respondents may appear in person or through authorized agents and may submit necessary documents with their own signatures.

§ 40.232 Pleadings allowed.

All matters other than the notice of administrative determination and a request for hearing shall be presented by motion.

§ 40.233 Motions and requests.

Motions or requests shall be in writing, filed with the Chief Administrative Law Judge, and copies served upon the other parties to the proceeding, except that motions or requests made during the course of any hearing or appearance before the Administrative Law Judge shall be filed with such judge or shall be stated orally and made part of the transcript. Each motion or request shall state the particular order, ruling, or action desired, and the grounds therefor. The Administrative Law Judge is authorized to rule upon all motions or requests filed or made prior to the filing of the judge's decision as provided in § 40.262.

§ 40.234 Subpenas.

All applications for subpenas *ad testificandum* and subpenas *duces tecum* shall be made in writing to the Administrative Law Judge. Applications for subpenas *duce tecum* shall specify as exactly as possible the documents to be produced, showing their general relevancy and reasonable scope.

§ 40.235 Witnesses and fees.

(a) The Administrative Law Judge, either at the request of the parties or upon the judge's own motion, may request persons to appear and testify as witnesses, where such action is deemed necessary to serve the purposes of the hearing.

(b) Witnesses subpenaed by any party or by the Administrative Law Judge shall be paid the same fees and mileage as are paid for like services in the District Courts of the United States. The witness fees and mileage shall be paid by the party at whose instance the witnesses appear.

§ 40.236 Depositions.

(a) *When, how, and by whom taken.* For good cause shown, the testimony of any witness may be taken by deposition. Depositions may be taken orally or upon written questions before any person designated by the Administrative Law Judge and having power to administer oaths.

(b) *Application.* Any party desiring to take the deposition of a witness shall make application in writing to the Administrative Law Judge, setting forth the reasons why such deposition should be taken; the time and place it is to be taken; the name and address of the person before whom the deposition is to be taken; the name and address of each witness from whom a deposition is to be taken; and the subject matter concerning which each such witness is expected to testify.

(c) *Notice.* Such notice as the Administrative Law Judge shall order shall be given for the taking of a deposition, but this shall not be less than five (5) days' written notice when the deposition is to be taken within the United States and not less than twenty (20) days' written notice when the deposition is to be taken elsewhere.

(d) *Taking and receiving in evidence.* Each witness testifying upon depsosition shall be sworn, and the adverse party shall have the right to cross-examine. The questions propounded and the answers thereto, together with all objections made, shall be reduced to writing; read by or to, and subscribed by the witness; and certified by the person administering the oath. Thereafter, such officer shall seal the deposition, with two copies thereof, in an envelope and mail the same by certified mail to the Administrative Law Judge. Subject to such objections to the questions and answers as were noted at the time of taking the deposition and which would have been valid if the witness were personally present and testifying, such deposition may be read and offered in evidence by the party taking it as against any party who was present or represented at the taking of the deposition or who had due notice thereof. No part of a deposition shall be admitted in evidence unless there is a showing that the reasons for the taking of the deposition in the first instance exist at the time of hearing.

§ 40.237 Prehearing conferences.

(a) Upon motion of either party, or when deemed appropriate by the Administrative Law Judge, the judge may direct the parties or their authorized representatives to meet with the judge for a conference to consider:

(1) Simplification or clarification of the issues;

(2) Necessity or desirability of amendments to pleadings for purposes of clarification, simplification, or limitations;

(3) Stipulations, admissions of fact, and admissions of contents and authenticity of documents;

(4) Limitation of the number of witnesses, including expert witnesses; and

(5) Such other matters as may tend to expedite the disposition of the proceeding.

(b) The Administrative Law Judge shall issue a prehearing order showing the matters disposed of by order and by agreement in such pretrial conferences. The subsequent course of the proceeding shall be controlled by such order.

§ 40.238 Consent findings and order.

(a) *General.* At any time after the commencement of a proceeding under this part, but prior to the reception of evidence in any such proceeding, a party may move to defer the receipt of any evidence for a reasonable time to permit negotiation of an agreement containing consent findings and an order disposing of the whole or any part of the proceeding. The allowance

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of such deferment and the duration thereof shall be in the discretion of the Administrative Law Judge, after consideration of the nature of the proceeding, the requirements of the public interest, the representations of the parties, and the probability of an agreement being reached which will result in a just disposition of the issues involved.

(b) *Content.* Any agreement containing consent findings and an order disposing of a proceeding or any part thereof shall also provide:

(1) That the order shall have the same force and effect as an order made after full hearing;

(2) That the entire record on which any order may be based shall consist solely of the notice of administrative determination (or amended notice, if one is filed), and the agreement;

(3) A waiver of any further procedural steps before the Administrative Law Judge; and

(4) A waiver of any right to challenge or contest the validity of the findings and order entered into in accordance with the agreement.

(c) *Submission.* On or before the expiration of the time granted for negotiations, the parties or their authorized representative or their counsel may:

(1) Submit the proposed agreement for consideration by the Administrative Law Judge; or

(2) Inform the Administrative Law Judge that agreement cannot be reached.

(d) *Disposition.* In the event an agreement containing consent findings and an order is submitted within the time allowed therefor, the Administrative Law Judge, within thirty (30) days thereafter, shall, if satisfied with its form and substance, accept such agreement by issuing a decision based upon the agreed findings.

HEARINGS

§ 40.251 Hearing procedures generally.

(a) Pursuant to notice given as provided in § 40.211, the designated Administrative Law Judge shall hold such hearings, as provided in this part, as are necessary for determination of the issue or issues submitted for decision, exercising the powers set forth in § 40.230 and conducting the proceeding in accordance with the provisions of 5 U.S.C. 554. In any such hearing, the burden of supporting the Administrator's determination shall be upon the Secretary. Except as may be determined otherwise by the Administrative Law Judge, counsel for the Secretary shall proceed first at the hearing. The hearing shall be open to the public unless otherwise ordered by the Administrative Law Judge.

(b) For good cause shown, the Administrative Law Judge may permit any interested party or person to intervene at a hearing. A petition to intervene shall be in writing and shall state briefly and with particularity the petitioner's relationship to and interest in the matters involved in the proceedings and the nature of the presentation to be made.

(c) If any party to the proceeding, after being properly served with notice of the hearing, should fail to appear at the hearing, the matter may be set for further hearing upon notice to all parties, but a party who is present shall first have an election to present such party's evidence in whole or such portion thereof sufficient to make a *prima facie* case, in which event the Administrative Law Judge may make a decision without further hearing. Failure to appear at a hearing shall not be deemed to be a waiver of the right to be served with a copy of the Administrative Law Judge's decision.

(d) Contemptuous conduct at any hearing shall be grounds for exclusion from the hearing.

§ 40.252 Evidence at the hearing.

(a) *In general.* The testimony of witnesses shall be upon oath or affirmation administered by the Administrative Law Judge and shall be subject to such cross-examination as may be required for a full and true disclosure of the facts. The Administrative Law Judge shall exclude evidence which is immaterial, irrelevant, or unduly repetitious.

(b) *Objections.* A party who objects to the admission or rejection of any evidence or to the limitation of the scope of any examination or cross-ex-

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amination or the failure to limit such scope, shall state briefly the grounds for such objection. Rulings on all objections shall appear in the record. A formal exception to an adverse ruling is not required.

(c) *Failure or refusal of witness to appear or answer.* The failure or refusal of a witness to appear at any hearing or to answer any question which has been ruled to be proper shall be grounds for the action provided in sections 49 and 50 of Title 15, United States Code, pursuant to the provisions of section 7 of the Act, and, in the discretion of the Administrative Law Judge, for striking out all or part of the testimony which may have been given by such witness.

§ 40.253 Official notice.

Official notice may be taken of any material fact, not appearing in evidence in the record, which is among the traditional matters of judicial notice or which concerns matters as to which the Department, by reason of its functions, is presumed to be expert: *Provided,* That the parties shall be given adequate notice, at the hearing or by reference in the Administrative Law Judge's decision of the matters so noticed, and shall be given adequate opportunity to show the contrary.

§ 40.254 Transcripts.

Hearings shall be stenographically reported.

POST-HEARING PROCEDURES

§ 40.261 Proposals by the parties.

At the conclusion of the hearing, the Administrative Law Judge shall afford any party a reasonable opportunity, but not less than fifteen (15) days, upon request, to file with such officer proposed findings of fact, conclusions of law, and a proposed order together with a supporting brief. There may be included statements of the reasons for any such proposed findings of fact, conclusions of law, and the proposed order, including a reference to the portions of the record and to the authorities relied upon in support of each proposal. Such proposals shall be accompanied by a certification that service of the proposals has been made upon all other parties.

§ 40.262 Decision and order of Administrative Law Judge.

(a) The Administrative Law Judge shall prepare, as promptly as practicable after the expiration of the time set for filing proposed findings and related papers provided for in § 40.231, and the judge's decision in the matter shall become the final decision in the administrative process, as provided in the Act. The decision of the Administrative Law Judge shall include a statement of findings and conclusions, with reasons and basis therefor, upon each material issue of fact, law, or discretion presented on the record. The decision shall also include an appropriate order which may affirm, deny, reverse, or modify, in whole or in part, the determination of the Administrator. The reason or reasons for such order shall be stated in the decision.

(b) The Administrative Law Judge shall transmit to the Chief Administrative Law Judge the entire record including the original of the decision. The Chief Administrative Law Judge shall serve copies of the decision on each of the parties.

(c) The decision when served shall constitute the final order of the Secretary.

(d) Upon service of this decision, the administrative remedies available to the parties have been exhausted.

RECORD

§ 40.271 Retention of official record.

(a) The official record of every completed admiinistrative hearing provided by this part shall be maintained and filed under the custody and control of the Chief Administrative Law Judge.

(b) The official record of every completed administrative proceeding provided by this part, other than the record of an administrative hearing, shall be maintained and filed under the custody and control of the Administrator.

BEST COPY

§ 40.272 Certification of official record.

(a) Upon timely receipt of either a notice pursuant to section 9(b)(3) of the Act or a petition pursuant to Section 11 of the Act, the Chief Administrative Law Judge shall promptly certify and file with the appropriate United States District Court, full, true, and correct copy of the entire record, including the transcript of proceedings, under the custody and control of the Chief Administrative Law Judge. This shall include the record upon which any penalty may have been imposed or any order complained of which may have been entered.

(b) Upon the timely receipt of a petition under Section 11 of the Act, in any action in which no administrative hearing was held, the Administrator shall file with the appropriate United States District Court a full, true, and correct copy of any transcript of proceedings or record upon which the order complained or was entered.

PART 41—INTERPRETATIONS OF FARM LABOR CONTRACTOR REGISTRATION ACT OF 1963

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AUTHORITY: 78 Stat. 920; 7 U.S.C. 2042, Secretary of Labor's Orders, Nos. 36-64 and 37-64 (30 FR 1139).

SOURCE: 30 FR 2945, Mar. 6, 1965, unless otherwise noted.

INTRODUCTORY

§ 41.1 General statement.

Pursuant to its power to regulate interstate commerce, Congress has enacted the Farm Labor Contractor Registration Act (Pub. L. 88-582, 88th Congress, 78 Stat. 920, effective January 1, 1965), hereinafter referred to as the Act, as a means of removing the impediments, obstructions, and restraints occasioned to the flow of interstate commerce by the activities of certain farm labor contractors for the services of migrant agricultural laborers who exploit producers of agricultural products, migrant agricultural laborers, and the public generally. Interpretations of the Act in this Part 41 are designed to give effect to these announced Congressional policies and are not intended to duplicate the provisions of the regulations (Part 40 of this title) promulgated pursuant to the Act. Accordingly, the discussion in this part should be considered together with the provisions of the Act and of the regulations thereunder.

§ 41.2 Relation to other laws.

The provisions of the various State laws and regulations, applicable to the activities of persons engaged as contractors for the services of agricultural laborers differ from the provisions of the Act. In those situations, where any such legislation and the provisions of this Act both apply, as directed in section 12 of the Act, no provision of this Act will excuse anyone from complying with the appropriate State law and regulations. In like manner, compliance with other applicable State legislation will not excuse anyone for failure to comply with the provisions of this Act.

§ 41.3 "Farm labor contractor" defined.

(a) The term "farm labor contractor" means any person, who, for a fee, either for himself or on behalf of another person, recruits, solicits, hires, furnishes, or transports ten or more migrant workers (excluding members of his immediate family) at any one time in any calendar year for interstate agricultural employment. Such term does not include (1) any nonprofit charitable organization, public or nonprofit private educational institution, or similar organization; (2) any farmer, processor, canner, ginner, packing shed operator, or nurseryman who engages in any such activity for the purpose of supplying migrant workers solely for his own operation; (3) any full-time or regular employee of any entity referred to in paragraph (a) (1) or (2) of this section; or (4) any person who engages in any such activity for the purpose of obtaining migrant workers of any foreign nation for employment in the United States, if the employment of such workers is subject to (i) an agreement between the United States and such foreign nation, or (ii) an arrangement with the government of any foreign nation under which written contracts for the employment of such workers are provided for and the enforcement thereof is provided for in the United States by an instrumentality of such foreign nation.

(b) In general, the farm labor contractor or "crew leader," as he is frequently called, is the middle man in making work arrangements between the migrant workers and the growers for interstate agricultural employment. When these arrangements involve recruiting, soliciting, hiring, furnishing or transporting ten or more migrant workers, excluding members of the contractor's immediate family, at any one time for interstate agricultural employment, the contractor is required to comply with the Act, unless he is otherwise exempt.

(c) The meanings of the terms "person," "fee," "interstate agricultural employment," "migrant worker," and other statutory language, relating to the definition of farm labor contractor, is discussed in the following sections.

§ 41.4 "Person."

Generally, any natural person or business establishment, capable of conducting business, may be a "person" within the definition of this term in section 3(a) of the Act and may include any individual, partnership, association, joint stock company, trust or corporation. However, instrumentalities or agencies of the State or any political subdivision thereof, acting in the capacity of a "farm labor contractor," are not "persons" within the meaning of this section.

§ 41.5 "Fee."

The term "fee" is defined by the Act to include any money or other valuable consideration paid or promised to be paid to a person for services as farm labor contractor. Any money, checks, securities, or property, either personal or real, or other valuable consideration as this term is used for purposes of the law of contracts, paid or promised to be paid, whether as wages, salary, commission or any other method of payment, is a fee when paid to a person for services as a farm labor contractor within the meaning of the term. Money or other valuable consideration accepted as a nonreimbursable advance may also be a fee, as where a grower advances money for repairs or travel expenses to a contractor or where workers pay a contractor in advance for transportation. A promise to pay money or other valuable consideration in the future may also be a fee, as where workers promise to pay a contractor for transportation after the travel is accomplished. Where two or more persons share expenses in a common venture, money or other valuable consideration received by one from the other for this purpose would not be considered a fee. The facts and circumstances of each individual case will be considered in determining whether any valuable consideration paid or promised to be paid constitutes a "fee" within the meaning of the Act.

§ 41.6 "For himself or on behalf of another person."

A farm labor contractor is defined, in part, as any person who, for a fee, for himself or on behalf of another person, recruits, solicits, hires, furnishes, or transports migrant workers for interstate agricultural employment. In view of the phrase, "either for himself or on behalf of another person," it does not matter whether the person is engaging in the activities of a farm labor contractor for his own personal use and benefit or for or on behalf of his employer, contractor, or some other person. Wherever a person is performing the activities of a farm labor contractor, it is immaterial who is or will be the employer or prospective employer of the migrant workers.

§ 41.7 "Recruits, solicits, hires, furnishes, or transports."

These terms are to be given their ordinary meaning as each is defined in the unabridged edition of Webster's New International Dictionary. The Act will apply to any person who engages in or performs one or more of these activities and otherwise meets the definition of a farm labor contractor.

§ 41.8 "Ten or more."

(a) The Act applies to any person who, for a fee, recruits, solicits, hires, furnishes or transports ten or more migrant workers (excluding members of his immediate family) at any one time in any calendar year for interstate agricultural employment. Accordingly, the count of "ten or more" would not include the farm labor contractor himself, whether the contractor be an individual proprietor, a partner of a partnership entity, or one of the principals of a joint venture. Further, in determining the number of workers, the count would include only those individuals who are migrant workers, as hereinafter defined and explained, and would exclude members of the contractor's own immediate family.

(b) The total number of migrant workers to be counted includes all those who are affected by one or more of the following activities, performed or engaged in by a farm labor contractor at any one time, as explained in § 41.9: Recruiting, soliciting, hiring, furnishing, and transporting. Where a contractor performs more than one of these services with relation to a migrant worker, the same worker is not counted more than once. Thus, where a contractor recruits migrant workers and the same workers are hired or transported through the efforts of the same contractor, each worker would be counted only one time for the purpose of arriving at the total number prescribed by the Act. Likewise, if a contractor recruits migrant workers and performs other farm labor contracting services with relation to additional and different workers, all the workers are to be included in the count: *Provided, however,* That the principles, set forth in § 41.9, explaining the meaning of "at any one time," are applied.

§ 41.9 "At any one time."

(a) Within the meaning of the Act, a farm labor contractor performs the described farm labor contracting activities with respect to ten or more migrant workers "at any one time" if, pursuant to a single agreement, arrangement, objective, or purpose and during a single time period reasonably appropriate in length for carrying out such agreement, arrangement, objective, or purpose, the contractor performs one or more of such activities with respect to migrant workers in such number for interstate agricultural employment.

(b) Persons may not escape coverage of the Act by treating every act or transaction as independent or separate from all others, so as, purportedly, to maintain an existing relationship or to contemplate a proposed relationship with less than ten migrant workers "at any one time." Thus, if a person, pursuant to an undertaking, agreement or other obligation solicits, recruits, hires, furnishes or transports migrant workers for interstate agricultural employment for or on behalf of an employer, farmer, other farm labor contractor, or any combination of such, and such performance includes two or more of these activities, simultaneously or successively, the entire operation of the several component activities will be regarded as being performed or engaged in "at any one time": *Provided*, That ten or more migrant workers are affected by the operation. For example, if a person is obligated or has undertaken to hire and transport migrant workers for Farmer A, the fact that three weeks may be consumed to hire the required number of migrant workers would not preclude this activity from being performed "at any one time" with the additional act of transporting, whether the latter act involves the same and/or different workers. While the act of transporting is a single act that is completed when migrant workers are delivered to a prearranged destination, the situation is different for soliciting, recruiting, hiring or furnishing. These activities are such as, usually, to require a series of acts extending over a span of time varying according to the circumstances of the specific situation or assigned task.

(c) Factors to be taken into consideration in determining whether or not a series of farm labor contracting activities will be deemed to have been performed or engaged in "at any one time" should include, among others, (1) the nature of the person's operations, (2) the relationship, if any, between successive individual acts of soliciting, recruiting, hiring, furnishing or transporting migrant workers as part of a chain or connecting sequence of activities for servicing an employer, producer, other farm labor contractor, or any combination of such, (3) the lapse of time between the performance of each of two or more of the activities, and (4) the person's actual or proposed relationship with migrant workers.

(d) Where several activities are performed separately and at different times, and each activity involves less than ten migrant workers, the statutory requirement of ten will not be reached by taking a total of the number included in each activity, unless there is such a continuity or connection between the several activities as to be reasonably regarded as occurring "at any one time." Thus, if a person intends to recruit five (5) migrant workers one day for Farmer A and the next day is requested to recruit and does recruit eight (8) migrant workers for Farmer B, these are separate and independent acts and do not total up to thirteen (13) for purposes of the statutory requirement. However, if he has contracts to hire a total of eighteen (18) migrant workers for Farmers X, Y and Z and he hires this number as a result of three days' effort, the statutory amount of "ten or more" would be present. Also, if the person, under a single arrangement or agreement, recruits, for example, seven (7) migrant workers for Farmer A and, shortly thereafter, also transports eight (8) different migrant workers for the same Farmer A, the result, for purposes of the Act, is more than the statutory total of "ten or more" migrant workers.

(e) The foregoing examples illustrate the manner in which the language "at any one time" may be applied in these specific factual situations. However, the application of these principles to other situations will depend on all the facts.

§ 41.10 "Any calendar year."

(a) A person, engaged in farm labor contracting activities, is covered by the Act, only if he performs those activities with respect to ten or more migrant workers "at any one time in any one calendar year." A certificate of registration, once issued, is effective for the remainder of the calendar year during which it is issued, unless suspended or revoked by the Secretary in accordance with procedures provided in the Act and set forth in Part 40 of this title. A calendar year is measured from the first day of January through the thirty-first day of December, inclusive of the first and last day.

(b) Since registration is required, under the Act, to be renewed for each calendar year, the farm labor contractor's activities, with respect to coverage under the Act, are measured within the limits of the calendar year for which registration is required. In other words, the contractor, whose activities involve ten or more migrant workers at any one time in one calendar year, does not continue to be covered in subsequent calendar years, unless his activities in each subsequent calendar year, independently, are within the scope of the Act.

§ 41.11 "For interstate agricultural employment."

(a) The Act applies to any person who, for a fee, recruits, solicits, hires, furnishes or transports ten or more migrant workers (excluding members of his immediate family) at any one time in any calendar year for interstate agricultural employment.

(b) Where a farm labor contractor intends, expects, or has reason to believe that the workers he recruits, solicits, hires, furnishes or transports will be transported to or employed in another State, his activities with respect to them would be "for interstate agricultural employment." Also, the contractor would be carrying on activities "for interstate agricultural employment," even though at the time he recruits, solicits, hires, furnishes or transports the workers, they are not then engaged in interstate agricultural employment within the definition of that term. Further, the activities of a farm labor contractor are "for interstate agricultural employment," notwithstanding that the contractor or his regular or full-time employee conducts all the farm labor contracting functions entirely within a State, but are calculated to result in migrant workers being transported to or employed in another State.

(c) A farm labor contractor who, either by himself or by or through a full-time or regular employee or by means of any agent, including another farm labor contractor, recruits, solicits, hires, furnishes or transports migrant workers from one State to another is doing so "for interstate agricultural employment," although he is never physically present in the State of origin of the migrant workers.

WHAT CONSTITUTES A MIGRANT WORKER

§ 41.12 General.

(a) A person is engaging in activities as a farm labor contractor for purposes of the Act when he recruits, solicits, hires, furnishes or transports "migrant workers" within the meaning of the Act. A "migrant worker" is defined in section 3(g) as meaning an individual whose primary employment is in agriculture, as defined in section 3(f) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(f)), or who performs agricultural labor, as defined in section 3121(g) of the Internal Revenue Code of 1954 (26 U.S.C. 3121(g)), on a seasonal or other temporary basis. An individual is a migrant worker irrespective of his primary employment, if he performs agricultural labor on a seasonable or other temporary basis.

(b) "Agriculture" is defined in section 3(f) of the Fair Labor Standards Act of 1938 to include "farming in all its branches and among other things includes the cultivation and tillage of the soil, dairying, the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities (including commodities defined as agricultural commodities in section 15(g) of the Agricultural Marketing Act, as amended), the raising of livestock, bees, fur-bearing animals, or poultry, and any practices (including any forestry or lumbering operations) performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, including preparation for market, delivery to storage or to market or to carriers for transportation to market." A complete discussion of the activities that are included within the scope of this definition will be found in §§ 780.103–780.183 of this title.

(c) An "agricultural commodity" as defined in section 15(g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, section 3; 12 U.S.C. 1141) includes, in addition to other agricultural commodities, crude gum (oleoresin), from a living tree, and the following products as processed by the original producer of the crude gum (oleoresin) from which derived: gum spirits of turpentine, and gum resin, as defined in section 92 of Title 7 (the Naval Stores Act, approved March 3, 1923). See, for a further explanation, § 780.125 of this title.

(d) "Agricultural labor" within the meaning of section 3121(g) of the Internal Revenue Code of 1954 includes all service performed:

(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and furbearing animals and wildlife;

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm;

(3) In connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15(g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, section 3; 12 U.S.C. 1141j), or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes;

(4) (A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed;

(B) In the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than 20 at any time during the calendar quarter in which such service is performed;

(C) The provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption; or

(5) On a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses, or other similar structures used primarily for raising of agricultural or horticultural commodities, and orchards.

§ 41.13 "Primary employment."

As used in the definition of "migrant worker," the term "primary employment" is intended to include any person whose chief, principal or main occupation is in "agriculture." If an individual performs agricultural labor, however, on a seasonal or other temporary basis, he is a "migrant worker," as defined in the Act, irrespective of his primary employment.

§ 41.14 "On a seasonal or other temporary basis."

(a) Labor is performed on a seasonal basis where, ordinarily, the employment pertains to or is of the kind exclusively performed at certain seasons or periods of the year and which, from its nature, cannot be continuous or carried on throughout the year. A worker who moves from one seasonal activity to another, while employed in agriculture or performing agricultural labor, is employed on a seasonal basis even though he may continue to be employed during a major portion of the year.

(b) A worker is employed on "other temporary basis" where he is employed for a limited time only or his performance is contemplated for a particular piece of work, usually of short duration. Generally, employment, which is contemplated to continue indefinitely, is not temporary.

EXEMPTIONS FROM COVERAGE

§ 41.15 Introductory statement.

The term "farm labor contractor" is defined in section 3(b) of the Act to exclude these four categories of individuals or organizations:

(1) Any nonprofit charitable organization, public or nonprofit private educational institution, or similar organization;

(2) Any farmer, processor, canner, ginner, packing shed operator, or nurseryman who engages in any such activity for the purpose of supplying migrant workers solely for his own operation;

(3) Any full-time or regular employee of any entity referred to in (1) or (2) above; or

(4) Any person who engages in any such activity for the purpose of obtaining migrant workers of any foreign nation for employment in the United States, if the employment of such workers is subject to (A) an agreement between the United States and such foreign nation, or (B) an arrangement with the government of any foreign nation under which written contracts for the employment of such workers are provided for and the enforcement thereof is provided for in the United States by an instrumentality of such foreign nation.

§ 41.16 Nonprofit charitable organizations.

This exemption applies only to "any nonprofit charitable organization, public or nonprofit private educational institution or similar organization": *Provided*, That they are conducted in good faith and are not entered into for the purpose of making a profit or in the belief that a profit can be realized thereon. (Doggett v. Burnet, 1933, 65 F. 2d 191, 194.) It is to be noted that the exemption is available only if the organization is both nonprofit and charitable or is a nonprofit public or private educational institution.

§ 41.17 Farm labor contracting activities solely in connection with certain agricultural operations.

(a) The exemption of section 3(b)(2) of the Act applies to "any farmer, processor, canner, ginner, packing shed operator, or nurseryman" who engages in farm labor contracting activities "for the purpose of supplying migrant workers solely for his own operation." The Act was intended to regulate the practices of all persons functioning in the capacity of middlemen between the farmer, processor, etc., and the migrant worker. Thus, the exclusion applies only in those situations where the normal functions of the middlemen are performed by the farmer, processor, etc., solely for himself and should any of these persons perform in the role of middleman, such as where the activities are in behalf of other employers, producers, processors, etc., in addition to himself, the exclusion would not apply. Generally, the Act will not exclude any farmer's cooperative performing any of the farm labor contracting activities in behalf of its members, unless such an association is a farmer, processor, etc., and is employed in contracting activities solely in its own behalf as such.

(b) For example, if a processor solicits, recruits, hires, furnishes or transports migrant workers to be used in the harvesting of crops which he has in fact purchased through a contract with the farmer and under whose contractual terms title to the crops is vested in the processor before the crop has been harvested, the exemption would apply, because the processor would be supplying migrant workers solely for his own operation. Where the processor or any other person acts as the conduit through whom the migrant workers are made available to third parties, even though the crops on which the migrant workers are employed are the subject matter of a contract to purchase (as distinguished from a contract of sale) and will be used in the processing, canning, etc., the exemption does not apply.

§ 41.18 Full-time or regular employees of persons excluded by sections 3(b)(1) or 3(b)(2).

(a) These particular full-time or regular employees are excluded because they constitute no more than the instruments or means by which the organizations or individuals, exempt under sections 3(b) (1) and (2) of the Act, operate. Unless such employee's farm labor contracting activities are performed only for a single employer, such employee may be constituted an independent contractor while performing such activities.

(b) On the basis of long-established common law principles, an independent contractor is a person, other than a servant or employee, who is engaged to perform a designated task and who is responsible to his principal only for the result and not for the means of doing the work contracted for. A determination of whether one employed to render a service does so as an "employee" or as an "independent contractor" cannot be based on isolated factors or upon a single characteristic, but rather upon the circumstances of the whole activity.

(c) Following are some of the factors considered in ascertaining whether an independent contractor relationship exists in a given situation:

(1) The degree of control exercised by the alleged employer;

(2) The extent to which the alleged employer supplies equipment and materials;

(3) The extent to which the alleged independent contractor has established a separate and independent business;

(4) The opportunity for profit or loss by the alleged independent contractor.

(d) A particularly significant factor is the degree or extent to which the alleged employer may intervene to control the means by which the work is to be accomplished.

§ 41.19 International agreements or arrangements.

(a) Also excused from coverage of the Act, under the provision of section 3(b)(4) are those persons who are engaged in farm labor contracting activities for the purpose of obtaining foreign migrant workers for employment in the United States pursuant either to an international agreement or to an international arrangement. All contracts, entered into pursuant to an arrangement with a foreign government for the employment of its nationals in this country, in order to qualify for the exemption under this provision, must be in writing and enforceable in the United States by an instrumentality of such foreign nation.

(b) The agreements or arrangements which presently come within the scope of this exemption are those governing the employment of Mexican nationals, pursuant to the Migrant Labor Agreement of 1951, as amended, the British West Indies, Bahamas, Japanese and Philippine farm workers programs.

REQUIREMENT OF A CERTIFICATE OF REGISTRATION OR FARM LABOR CONTRACTOR IDENTIFICATION CARD

§ 41.20 Kept in person's "immediate possession."

(a) Under section 4(a) of the Act, the farm labor contractor is required to have a valid certificate in his "immediate possession." On the other hand, section 4(b) requires that the farm labor contractor's full-time or regular employee have his farm labor contractor identification card in his "immediate personal possession."

(b) A farm labor contractor who is an individual is required to carry the certificate of registration on his physical person. Other holders need not keep such certificate on their persons, but may keep it in a place immediately accessible to them or under their control. Thus, a corporation, partnership, association, trust or joint stock company may comply by keeping the certificate at its main business office.

(c) As for a holder of an identification card, he must keep it on his physical person.

§ 41.21 Causes for refusal to issue or renew and causes for suspension or revocation of a Certificate of Registration or a Farm Labor Contractor Identification Card.

(a) Section 5(b) of the Act provides that upon

> * * * notice and hearing in accordance with regulations prescribed by him, the Secretary may refuse to issue or to renew, or may suspend or revoke a certificate of registration to any farm labor contractor if he finds that such contractor has, among other things, acted or failed to act as set forth in the following paragraphs (b) through (h):

(b)

> (1) Knowingly has made any misrepresentation or false statements in his application for a certificate of registration or any renewal thereof.

The use of the term "knowingly" in section 5(b)(1) of the Act would indicate that a violation would exist if there is present some fact or circumstance that indicates that the information was given, intentionally and with actual knowledge of its falsity, in bad faith, willfully, or for some fraudulent purpose. Any person who is charged with giving false or misleading information under these circumstances may also be subject to the penal provisions of section 1001, Title 18.

(c)

(2) Knowingly has given false or misleading information to migrant workers concerning the terms, conditions, or existence of agricultural employment.

It should be noted that under the Byrnes Act, relating to the transportation of strikebreakers (49 Stat. 1899; 18 U.S.C. 1231), whoever knowingly transported in interstate or foreign commerce any person for the purpose of strikebreaking shall be fined not more than $5,000 or imprisoned not more than two years, or both.

(d)

(3) Has failed, without justification, to perform agreements entered into or arrangements with farm operators; and (4) has failed, without justification, to comply with the terms of any working arrangements he has made with migrant workers.

The term "without justification" in subsections (3) and (4) indicates that a legal wrong has been committed without sufficient lawful reason for acting or failing to act. Such wrongdoing need not have resulted in the institution of court action by the aggrieved party. If the act of commission or omission complained of constitutes a breach of contract under the common law rules of contract or a wrong as embraced by the common law principles pertaining to torts, it may be "without justification." The extent of the harm, injury or loss resulting from such contractual breach or tortious wrong and mitigating circumstances will be considered in determinations of situations concerning subsections (3) and (4) of this section. Normally, "without justification" would not include situations in which the farm labor contractor's failure was directly attributable to acts of God, due to conditions beyond his control or to conditions which he could not reasonably foresee.

(e)

(6) Has recruited, employed, or utilized the services of a person with knowledge that such person is violating the provisions of the immigration and nationality laws of the United States.

The term "with knowledge" includes not only actual knowledge but also knowledge which may fairly be inferred through notice of certain facts and circumstances which would lead ordinary, careful and vigilant persons to know about a certain condition.

(f)

(7) Has been convicted of any crime under State or Federal law relating to gambling or to the sale, distribution or possession of alcoholic liquors in connection with or incident to his activities as a farm labor contractor; or has been convicted of any crime under State or Federal law involving robbery, bribery, extortion, embezzlement, grand larceny, burglary, arson, violation of narcotics laws, murder, rape, assault with intent to kill, assault which inflicts grievous bodily injury, or prostitution.

Under the definition contained in the regulations, § 40.2(a) of this title, a person has been "convicted" for purposes of section 5(b)(7) of the Act when "a final judgment of guilt has been rendered" against such person by a "court of competent jurisdiction" and "no opportunity for appeal remains." The term includes judgments rendered on pleas of guilty in open court and on pleas of nolo contendere.

(1) A crime "relating to gambling or to the sale, distribution, or possession of alcoholic liquors" must have been in connection with or incidental to the person's activities as a farm labor contractor and may be any one of a variety of offenses, intended to punish an individual or organization for violation of any State or Federal laws regulating certain uses of liquor or certain gaming practices. It should be noted, however, that with the exception of these two offenses, all other crimes enumerated need not have been in connection with or incident to activities as a farm labor contractor.

(2) It is the general policy that convictions which have occurred more than five (5) years prior to the date of the application for a Certificate of Registration or for a Farm Labor Contractor Identification Card would not be constituted a basis for ineligibility for a certificate or identification card, provided that the applicant in each case has demonstrated a record of continuous good behavior during the most recent five-year period.

(3) Where a conviction has been set aside by subsequent judicial process, it no longer constitutes a "conviction" within the meaning of this Act.

(4) A full pardon after conviction also removes the "conviction" as a cause for ineligibility. This position is in accord with the court's language in Knote v. U.S. (1877), 95 U.S. 140 that "in contemplation of law," a full pardon, "so far blots out the offense, that afterwards it cannot be imputed to him to prevent the assertion of legal rights."

(g)

(8) Has failed to comply with rules and regulations promulgated by the Interstate Commerce Commission that are applicable to his activities and operations in interstate commerce.

Legislative history surrounding this particular subsection indicates Congressional intent that this Act implement the enforcement of the Interstate Commerce Commission Regulations (49 CFR Part 198), adopted on January 17, 1957 and promulgated as a result of amendments to sections 203(a) and 204(a) of the Interstate Commerce Act (49 U.S.C. 303(a) and 304(a)). Under section 204(a), the Interstate Commerce Commission is empowered to establish for carriers of migrant workers by motor vehicles reasonable requirements with respect to comfort of passengers, qualifications and maximum hours of service of operators and safety of operation and equipment. Such requirements may be made applicable only in the case of transportation of migrant workers for a total distance of more than 75 miles across State or international boundary lines. In the exercise of the authority, the Commission has promulgated special regulations for carriers of migrant workers in motor vehicles, other than passenger automobiles and station wagons. These regulations prescribe minimum qualifications of drivers and safe driving practices comparable to those applicable to common and contract carriers generally subject to regulation by the Commission. Carriers of less than three migrant workers at any one time are not included within the term "carrier of migrant workers by motor vehicle" as defined in said regulations.

(1) The regulations do establish minimum standards for the comfort of passengers and for parts and accessories necessary for safe operation, hours of service of drivers, and inspection and maintenance. Whenever a vehicle is found to be in a mechanical condition which renders its continued operation imminently hazardous in the sense that accident or mechanical failure is likely, the vehicle is ordered "out of service" until the necessary repairs are accomplished.

(2) The resulting 1957 regulations, pertaining to the Interstate transportation of migrant workers, therefore, expressly excluded common carriers from their coverage. These are the only regulations referred to in section 5(b)(8) of the Act. Congress did not intend to require a person, engaged solely as a common carrier or contract carrier in the transportation of migrant workers in interstate commerce, to obtain a Certificate of Registration. (See Senate Report No. 202 on S. 524, 88th Congress, 1st Session, dated May 27, 1963, stating as follows: "Common carriers or contract carriers insofar as their activities are subject to the certificate or permit requirements of the Interstate Commerce Act are not intended to be within the purview of this requirement.")

(h)

(9) Knowingly employs or continues to employ any person to whom subsection (b) of section 4 of this Act applies who has taken any action, except for that listed in paragraph 5 of this subsection, which could be used by the Secretary under this subsection to refuse to issue a certificate of registration.

This language puts the farm labor contractor on notice against employing or continuing to employ a full-time or regular employee where he has knowledge that such employee has committed or has omitted such acts, except for failure to show financial responsibility or maintain prescribed insurance coverage, which would render a person ineligible for a certificate of registration under section 5(b) of the Act.

(i) In veiw of section 4(b) of the Act, providing that the provisions of the Act and regulations prescribed thereunder shall apply to a full-time or regular employee to the same extent as if he were required to obtain a certificate of registration in his own name, the foregoing would be applicable for purposes of refusing to issue or for purposes of revoking or suspending a farm labor contractor identification card.

§ 41.22 Responsibilities of the farm labor contractor and full-time or regular employee.

(a) Under section 6 of the Act, the farm labor contractor assumes the following obligations, among others: (1) To keep on his person the certificate of registration and to exhibit it, prior to dealing, to all persons with whom he may deal as a farm labor contractor; (2) to ascertain and to disclose, to the best of his knowledge and belief, to each worker at the time of his recruitment, the area of employment, the crops and operation on which he may be employed, the transportation, housing and insurance to be provided, the wage rates to be paid and the contractor's charges for his services; (3) to post in a conspicuous place, upon arrival at the employment situs, a statement of working conditions; and (4) to post in a conspicuous place a statement of conditions of occupancy, in the event the contractor either manages, supervises, or otherwise controls the housing facilities.

(b) Where a contractor pays the migrant worker engaged in interstate agricultural employment, either on his own behalf or on behalf of another person, such contractor is required, pursuant to section 6(e) of the Act and with respect to those migrant workers, to provide them with each of the following for each payroll period: (1) All wage data required for computing earnings, either on a time or piece rate basis, whichever is applicable; (2) a statement of all sums paid to the contractor on account of the labor of such migrant worker and sums received on behalf of such migrant worker; and (3) an itemized statement showing all sums withheld by the contractor from the amount he received on account of the labor of such worker and the purposes for which the sums have been withheld.

(c) Sums paid to the contractor, "on account of the labor of such migrant worker," include, but are not limited to, social security payments, wages, production bonus, profit sharing payments, and payments for room, board and transportation, if any. Such sums, however, do not include monies paid to the contractor for services performed independently of his capacity as a farm labor contractor, e.g., as an office worker, as a mechanic, as a supervisor, or in some other type of job.

(d) The language, "including sums received on behalf of such migrant worker," embraces, but is not limited to, housing and cafeteria payments where such facilities are supplied by the contractor or some person in his behalf and payment for travel expenses.

(e) The itemized statement, showing all sums withheld by the contractor and the purposes for which such separate sums may be withheld, should include, but is not limited to, such items as social security, withholdings for federal and state income taxes, travel costs, charges for room and board, credit purchases at the employer's commissary and union dues or membership fees.

(f) Failure of the farm labor contractor or his full-time or regular employee to comply with the obligations discussed in paragraphs (a) and (b) of this section and with those cited in § 40.10 of this title may be the basis for refusal to issue or renew or for revocation or suspension of a certificate of registration or a farm labor contractor identification card.

PART 42—COORDINATED ENFORCEMENT

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Sec.
42.21 Data collection.

AUTHORITY: 29 U.S.C. 49, et seq.; 29 U.S.C. 201 et seq.; 29 U.S.C. 651, et seq; 29 U.S.C. 801, et seq.; 5 U.S.C. 301.

SOURCE: 45 FR 39489, June 10, 1980, unless otherwise noted.

§ 42.1 General statement.

These regulations are promulgated by the Secretary of Labor to describe the coordination of the activities of the Employment Standards Administration, the Occupational Safety and Health Administration, and the Employment and Training Administration relating to migrant farmworkers.

§ 42.2 Purpose.

(a) These regulations coordinate the activities of ESA, OSHA and ETA, and are intended to:

(1) Ensure effective enforcement efforts under the protective statutes—i.e., the Farm Labor Contractor Registration Act (FLCRA), the Occupational Safety and Health Act (OSHA), and the Fair Labor Standards Act (FLSA) ("protective statutes").

(2) Ensure that the enforcement efforts of DOL agencies are coordinated to maximize their effectiveness, yet minimize unnecessary duplication.

(3) Focus the attention of DOL agencies upon the special employment-related problems faced by migrant farmworkers.

(4) Coordinate DOL enforcement efforts with related activities of farmworker groups, federal and State agencies, and other concerned parties outside the Department of Labor whose operations are related to the employment, housing, and working conditions of migrant farmworkers.

(5) Establish an information exchange which will afford the Department, farmworker groups, and other concerned parties outside the Department of Labor the opportunity to exchange information concerning wages, hours and working conditions.

§ 42.3 National Committee.

A National Farm Labor Coordinated Enforcement Committee ("National Committee") is hereby established which shall be responsible for: Reviewing policies, guidelines and enforcement goals and strategies for the Department of Labor with respect to migrant farm labor-related enforcement efforts under the protective statutes; resolving policies which are in conflict between DOL agencies; advising the Secretary on legislative initiatives which would strengthen farm labor-related enforcement efforts; and providing guidance and recommendations to DOL agencies on related enforcement activities.

§ 42.4 Structure of the National Committee.

(a) The National Committee shall consist of the Under Secretary of Labor, the Solicitor of Labor, and the Assistant Secretaries for the Employment Standards Administration (ESA), the Occupational Safety and Health Administration (OSHA), and the Employment and Training Administration (ETA).

(b) The Committee shall be headed by the Under Secretary, who shall assign to one of his/her Special Assistants the responsibility of directing the necessary staff work required by the Committee.

(c) The National Committee shall meet on a quarterly basis to review the Department's responsibilities affecting migrant farmworkers, and at any other time as determined by the Under Secretary to be necessary to carry out the National Committee's responsibilities.

(d) There shall be a National Committee staff level working group consisting of senior staff representatives from the Branch of Farm Labor Law Enforcement, the Wage and Hour Division, the U.S. Employment Service (the National MSFW Monitor Advocate), the Employment and Training Administration, the Office of Field Coordination and the Directorate of Federal Compliance and State Programs in the Occupational Safety and Health Administration, and the Office of the Solicitor.

(e) The Special Assistant to the Under Secretary shall be the director of the staff level working group.

(f) The staff level working group shall meet monthly or more frequently as requested by the director.

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(g) The director, or another member of the National Committee, shall attend the annual public meeting of each of the Regional Farm Labor Coordinating Committees.

§ 42.5 Policy review.

(a) The National Committee shall review the policies of OSHA, ESA and the United States Employment Service (USES), and the Office of the Solicitor and shall guide the respective agencies in improving the effectiveness of and coordination among all DOL agencies assigned responsibilities related to migrant farmworkers. These policies and guidance shall include such issues as the following:

(1) The coordination of inspections, including housing inspections, reports and procedures of DOL agencies and State agencies designated by the Department to follow-up on complaints under, and to detect promptly violations of, any of the protective statutes.

(2) The expedited enforcement and legal procedures to accommodate the transient and seasonal nature of migrant farmworker's problems.

(3) The development of systems for prompt and efficient referral to the appropriate federal or State agency of violations or complaints discovered by or reported to DOL agencies or appropriate State agencies, along with prompt and efficient follow-up action by the appropriate agency from the initiation of the investigation through final enforcement action.

(4) The training of all appropriate DOL personnel in order to ensure coordinated and effective enforcement.

(5) The level of enforcement achieved by the remedies or sanctions used by DOL agencies to enforce the protective statutes.

(6) The effectiveness of the Specialists Program and the Regional Farm Labor Coordinated Enforcement Committees.

§ 42.6 Enforcement strategy.

(a) Each Regional Farm Labor Coordinated Enforcement Committee shall annually prepare, on a regional basis, a migrant farm labor enforcement strategy for each protective statute pursuant to § 42.20(c)(3). The National Committee shall review these regional strategies and make recommendations to the appropriate DOL agencies. In reviewing the enforcement strategies, the Committee shall pay particular attention to:

(1) The priorities set for the investigation and enforcement activities of compliance officers.

(2) Available data on the past and current levels of enforcement of the protective statutes in the region, including the data collected pursuant to § 42.21, infra.

(3) The level of attention given to directed activity as distinguished from complaint-initiated compliance activities.

(4) The capability of the agency to respond quickly and thoroughly under the strategy to emergencies involving violations of any of the protective statutes.

(5) The level of priority given by the Office of the Solicitor to farm labor-related enforcement activities under the respective protective statutes.

(6) The ability of agencies to respond quickly and effectively to resolve complaints.

(7) The extent to which agencies follow through with appropriate remedies and sanctions.

(8) The degree to which agencies coordinate and cooperate on a local and regional level.

(9) Other activities of DOL agencies related to migrant farmworker enforcement.

§ 42.7 Complaint/directed action logs.

(a) To facilitate the Committee's review of all migrant farmworker complaints, including pre and post occupancy housing inspections and the enforcement strategies of DOL agencies, the Committee shall oversee the operation of a system of coordinated Complaint/Directed Action Logs ("logs"). The logs shall be maintained by each DOL agency and appropriate SESA and OSHA State agencies.

(b) The logs shall record both the numbers of compliance actions initiated as a result of complaints and those initiated on the basis of directed activity. They shall also include a statistical record of all original referrals both from and to other DOL agencies or federal or State authorities.

(1) Whenever a complaint is received and/or an investigation is completed by an agency, the appropriate official of that agency shall enter the matter on the log.

(2) Wherever possible, the responsible agency, upon request, shall inform the complainant of the status of the actions pending, and shall inform, when applicable, the referring agency.

(3) ESA, OSHA, USES, and the Office of the Solicitor shall be responsible for preparing the quarterly statistical summary by regions of the respective agency's compliance activity. This summary shall include all complaints and compliance actions which (i) were pursued to completion by the subagency during the reporting period or (ii) were received during the reporting period or earlier, and are pending. Each agency also shall report a summary of aging and resource allocation data. The summary shall be submitted to the National Committee and the appropriate Regional Committee.

(c) The National Committee staff shall analyze the statistical summaries and shall recommend National or Regional Committee action where problems or short-comings are identified. Pursuant to this review, the National Committee shall take steps to ensure that the responsible agencies make timely responses to complaints and conduct vigorous enforcement action.

§ 42.8 Coordination plan.

(a) Based upon, among other things, the regional enforcement strategies submitted under § 42.6, the National Committee shall develop an annual coordination plan concerning farm labor-related responsibilities of the Department, including migrant housing inspections, the referral of complaints, enforcement action on violations of federal or State employment-related laws subject to the jurisdiction of DOL, or regulations administered by DOL or appropriate State agencies, and assistance to stranded migrant farmworkers.

(b) The coordination plan shall describe the present program responsibilities of ESA for enforcement in the farm labor area of the Fair Labor Standards Act, and the Farm Labor Contractor Registration Act. The plan shall include a statistical summary of the prior-year complaints under, and alleged violations of, FLSA and FLCRA as recorded in the logs of the ESA Wage and Hour Regional and Area Offices, and shall set forth general goals and objectives for FLSA and FLCRA enforcement activities for the following year as established by ESA.

(c) The coordination plan shall describe the present program responsibilities of OSHA for protecting the safety and health of migrant farmworkers. The plan shall include a statistical summary of prior-year complaints under, and alleged violations of, OSHA recorded in the logs of the OSHA State and area offices, and shall provide general goals for OSHA enforcement activities for the following year as established by OSHA.

(d) The plan shall include a review of the procedures developed by ETA to handle emergency situations, such as the stranding or displacement of migrants, and shall provide general goals for USES activities for the following year.

§ 42.9 Farm Labor Specialist (ESA).

(a) The Assistant Secretary for ESA shall designate ESA Compliance Officers as Farm Labor Specialists ("Specialists"). The Specialists shall be assigned to area offices, or field stations under area offices, with significant numbers of agricultural worker activity as designated by ESA. These Specialists shall coordinate FLCRA and FLSA activities in agricultural employment and shall be responsible for:

(1) Conducting FLCRA/FLSA farm labor investigations;

(2) Serving as staff advisors and consultants to regional and area officials on FLCRA and FLSA;

(3) Coordinating FLCRA and FLSA activities with appropriate OSHA and USES activities;

(4) Directing special migrant farmworker enforcement activities;

(5) Monitoring the farm labor-related activities of significant crew leaders and growers in the area to ascertain that those against whom ESA has taken enforcement action are operat-

ing in compliance with FLCRA and FLSA;

(6) Conducting technical assistance and public information programs regarding FLCRA and FLSA;

(7) Coordinating of referrals to and from other federal and State agencies with farm labor responsibilities, such as OSHA and USES;

(8) Advising regularly the Regional Committee on actual farm labor working conditions in their areas and otherwise participating in regional coordination activities as directed by the Regional Committee; and

(9) Providing specialized training on FLCRA and FLSA as may be requried.

§ 42.10 Farm labor contact persons and regional coordinators (OSHA).

(a) OSHA Area Directors shall be responsible for ensuring that: (1) Migrant farmworker complaints and referrals are evaluated, and appropriate action is taken; and (2) migrant farmworker camp inspections are scheduled promptly.

(b) OSHA Area Directors shall designate OSHA compliance officers to serve in the capacity of Farm Labor Contact Persons. These Farm Labor Contact Persons shall be trained in enforcement of the Occupational Safety and Health Act of 1970 (84 Stat. 1590, 29 U.S.C. 651 et seq.) and all OSHA standards affecting migrant farmworkers. These Farm Labor Contact Persons shall be designated in OSHA area offices with responsibility for conducting a significant number of migrant farmworker camp inspections.

(c) The OSHA Area Directors shall assign the Farm Labor Contact Person to:

(1) Conduct migrant farmworker camp inspections during periods when migrant housing facilities are occupied, or when it is reasonably predictable the facilities will imminently be occupied;

(2) Serve as a technical advisor on migrant farmworker-related matters;

(3) Train other compliance officers to conduct migrant farmworker camp inspections; and

(4) Perform other OSHA duties, including duties not related to migrant farmworker OSHA enforcement.

(d) Regional Administrators for OSHA shall designate a Farm Labor Regional Coordinator to coordinate migrant farmworker activities. The Farm Labor Regional Coordinators shall:

(1) Coordinate all migrant farmworker related activity within the Region's jurisdiction, i.e., enforcement, training, and public information;

(2) Serve as representatives of the OSHA Regional Administrators on the Regional Farm Labor Coordinated Enforcement Committee's staff level work group; and

(3) Perform other OSHA duties.

(e) OSHA shall request State designees of States having approved occupational safety and health plans and responsibility for conducting a significant number of migrant farmworker camp inspections to appoint a State Farm Labor Coordinator. The State Farm Labor Coordinator shall:

(1) Coordinate State OSHA migrant farmworker camp inspections and other migrant farmworker enforcement activities consistent with the objectives of this section; and

(2) Represent the State on the Regional Farm Labor Coordinating Committee's staff level working group.

§ 42.20 Regional Farm Labor Coordinated Enforcement Committee.

(a) Under the leadership of the ESA Regional Administrator, each region shall establish a Regional Farm Labor Coordinated Enforcement Committee ("Regional Committee"), including representatives of ESA, OSHA, ETA (the Regional MSFW Monitor Advocate), and the Office of the Regional Solicitor.

(b) The Regional Committee shall be headed by the Regional Administrator of ESA.

(c) The Regional Committee shall:

(1) Meet regularly on at least a quarterly basis;

(2) Exchange information on enforcement activities, including complaint/directed action logs developed by the DOL subagencies;

(3) Develop a written coordinated enforcement strategy specifying for the region all information which the Regional Committee believes will be

helpful to the National Committee in formulating the annual coordination plan. This strategy shall include at a minimum all information called for by § 42.8 for the region, taking into account particular conditions in the region (e.g., the seasonality of the farm labor population). Once it is reviewed by the National Committee and appropriately revised, the regional offices of ESA, ETA, and OSHA shall follow the enforcement strategy for the year, with revisions as needed by changing circumstances during the year. The National Committee shall be advised of any such revisions;

(4) Maintain contacts with State agencies, farm labor groups, growers, and other interested parties; and

(5) Coordinate cross-training of enforcement personnel within the region.

(d) There shall be a regional committee staff level working group in each region consisting of regional staff representatives from ESA, ETA, OSHA, the Office of the Regional Solicitor, and OSHA State Farm Labor Coordinators within that region. This working group shall meet at least monthly.

(e) The designated Farm Labor Specialist (ESA), Farm Labor Regional Coordinators (OSHA), and MSFW Monitor Advocates (USES) in each region shall be available to provide staff support to the Regional Committees.

(f) To facilitate coordination with farm labor groups and growers in each region, the respective Regional Committee shall hold an annual public meeting, transcribe or recorded at the option of the Regional Committee, which shall be:

(1) Publicized to all appropriate migrant farmworker and grower associations in the region;

(2) Conducted by the director of the Regional Committee with other DOL agency representatives participating as necessary; and

(3) Opened to all members of the public.

(g) The Regional Committee shall conduct and cooperate with the National Committee in order to develop, implement and ensure the uniform and effective application of coordinated enforcement efforts.

§ 42.21 Data collection.

(a) For each protective statute, ESA, OSHA, and the Office of the Solicitor ("SOL") shall regularly collect statistical data reflecting their enforcement efforts on a regional and national basis and shall submit such data quarterly to the National and Regional Committees. Fourth quarter data shall be accompanied by annual summaries. These submissions shall include at least the data items specified in this section. The data collected will provide a basis for coordination of enforcement of the protection statutes.

(b) The statistical data submitted by ESA on FLCRA enforcement shall include: (1) Total compliance actions covered by the Act, showing total farm labor contractor (FLC) actions, total farm labor contractor employee (FLCE) actions, total User actions, total concurrent FLSA actions, and total actions with noncompliance; (2) total types of assignments (JS complaint, other complaint, employers of undocumented workers); (3) total types of compliance actions (conciliation, full investigation, follow-up investigation, other); (4) total compliance hours expended; (5) total crew workers affected; (6) total violations by categories and type of violation (FLC, FLCE, User); (7) total compliance actions in which civil money penalties (CMPs) are assessed and total amount assessed; (8) total compliance actions in which CMPs are collected and total amount collected.

(c) The Wage-Hour Division shall submit the following statistical data on FLSA enforcement with respect to employees working within the categories of Agriculture, Agricultural Products, and Agricultural Services, etc., and various subcategories of each of these three major categories: (1) Total number of completed investigations; (2) total hours spent in conducting investigations; (3) number of employees found underpaid (total, under minimum wage provisions, under overtime provisions); (4) amount of underpayment found (total, under minimum wage provisions, under overtime provisions); (5) total number of employees to whom income was restored; and (6) total amount of money restored.

(d) OSHA's migrant farmworker enforcement statistical data shall be submitted for each region on a state-by-state basis, including OSHA State Plan States, and shall include: (1) Number of complaints received and number of inspections conducted in response; (2) number of referrals received and number of inspections conducted in response; (3) number of programmed or directed inspections, (4) number of violations found by type of violation (serious, willful, repeat and other than serious); (5) total number of employees affected by inspections; (6) approximate total hours spent on migrant camp inspections; (7) number of inspections for which penalties were proposed and amount proposed; (8) number of inspections for which penalties were collected and amount collected.

(e) The SOL shall submit statistical data on farm labor-related enforcement efforts under each protective statute which shall include: (1) Total cases received by SOL; (2) actions taken on cases (settled, referred to ALJ, civil actions filed, referrals to U.S. Attorney); and (3) results of cases (including injunctions and license revocations and denials).

(f) Complaint Response Data—ESA and OSHA shall submit annually a summary of aging data for their respective migrant farmworker-related activities under FLCRA, FLSA and OSHA respectively, showing aging from receipt of a complaint or completion of an investigation until referral to SOL or other final action by the enforcement agency. The Office of the Solicitor shall submit similar data showing aging of matters between receipt by SOL of a case and the completion of some responsive action on the case. Where available, OSHA shall submit data showing the average length of time between receipt of a complaint and the completion of the action taken in response to the complaint. Where available, ESA shall submit data showing complaints received, complaints on hand, and number of actions completed based on complaints.

(g) The National Committee shall review the data collection systems of ESA, OSHA and SOL, as they pertain to farm labor enforcement, and recommend any necessary changes to the subagencies.

PART 56—WORK INCENTIVE PROGRAMS FOR AFDC RECIPIENTS UNDER TITLE IV OF THE SOCIAL SECURITY ACT

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AUTHORITY: Secs. 402(a)(19), 430-444 and 1102 of the Social Security Act as amended, (42 U.S.C. 602(a)(19), 630-44 and 1302).

SOURCE: 41 FR 47700, Oct. 29, 1976, unless otherwise noted.

Subpart A—Purpose and Scope and Definitions

§ 56.0 Purpose and scope.

(a) The purpose of this Part 56 is to provide for a Work Incentive Program (WIN) under Title IV of the Social Security Act (Act).

(b) This part contains the policies, rules, and regulations pertaining to the WIN program.

§ 56.1 Definitions.

Act means the Social Security Act.

AFDC (Aid to Families with Dependent Children) means the program authorized by Title IV-A of the Act to provide financial assistance and social services to needy families with dependent children.

AFDC Applicant means a person who applies to the State or local welfare agency for AFDC.

Appraisal means the interview of a WIN registrant by WIN sponsor staff and Separate Administrative Unit (SAU) staff to determine employability potential, to determine the need for supportive services, and to develop an employability plan.

Certification means a written notice from the SAU that necessary supportive services have been arranged or are available to enable a WIN registrant to accept employment, training, manpower services, or other employment-related activities, or that no supportive services are needed and that the individual is at that time ready for employment or training.

Complaints (See grievances)

Component means a structured regularly scheduled program activity for certified registrants such as OJT, WIN PSE, institutional training, and work experience, but not employment-related activities or supportive services.

Deregistration means the removal of an individual from the WIN program.

DHEW means the U.S. Department of Health, Education and Welfare.

DOL means the U.S. Department of Labor.

Employability Plan means a written plan for a WIN registrant that sets forth that individual's occupational goal and the manpower and supportive services necessary for him to reach that goal.

Employment-related activities means activities providing employment and training services to WIN registrants to assist them in locating and securing unsubsidized employment. Employment-related activities include employment search.

Employment search is the part of employment-related activities where registrants are provided with job seeking skills, job development assistance and referrals, and actively contact employers in their effort to secure jobs.

Exempt refers to an AFDC applicant or recipient who is not required by the Act to register for employment, training, or other employment-related ac-

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tivities under the WIN program as a condition of eligibility for AFDC.

Grievance means an adjudicable issue initiated by a WIN registrant which does not involve the threat of sanctions. Grievances may include, but are not limited to disputes over assignments where the registrant is not refusing the assignment, alledged discrimination, and complaints about eligibility for, or amounts of, WIN allowances.

Hearing Officer means the hearing officer designated in the State WIN plan to hear and decide or make recommendations on issues involving WIN.

Income Maintenance Unit (IMU) means the unit of the State or local welfare agency which determines individuals' eligibility for AFDC.

Institutional training means vocational or other classroom training conducted by an instructor in a nonwork-site setting.

Local WIN Plan means the plan developed annually by local WIN sponsor and SAU staffs which describes the operation of the WIN program for a specific local area.

Mandatory or nonexempt registrant means an AFDC applicant or recipient who is required by the Act to register for manpower services, training, employment, or other employment-related activities, as a condition of eligibility for AFDC.

Manpower services means employment related and training services provided by the WIN sponsor, designed to improve the work skills of an individual and aid him to find employment.

NCC means the National Coordination Committee, a committee established to administer the WIN program, consisting of the Assistant Secretary for Employment and Training (DOL) and the Administrator of the Social and Rehabilitation Service (DHEW).

NRP means the National Review Panel, the final level of administrative review which is comprised of the DOL Chief Administrative Law Judge and other Administrative Law Judges appointed pursuant to the Administrative Procedure Act's requirements and designated by the Chief Judge to serve as members of that panel.

OJT means on-the-job training, an employment opportunity component in which a certified registrant is hired by a private or public employer and is provided skill training under contract with the employer.

PSE means public service employment, a WIN sponsored component which provides subsidized employment with public or nonprofit private agencies for individuals who cannot be placed in regular unsubsidized employment.

Recipient means an individual who has been determined to be eligible to receive AFDC.

RA means the Regional Administrator, Employment and Training Administration (DOL).

RC means the Regional Commissioner of the Social and Rehabilitation Service (DHEW).

RCC means the Regional Coordination Committee established in each region consisting of the RA and the RC.

Registrant means an AFDC applicant or recipient who has registered with the WIN sponsor for manpower services, training, employment, and other employment-related activities.

Registration means the process whereby an AFDC applicant or recipient completes all necessary registration requirements.

"SAU" means the Separate Administrative Unit, that unit of the single State welfare agency established pursuant to section 402(a)(19)((G) of the Act, to administer the WIN program for that agency.

State Welfare Agency means the welfare agency designated pursuant to 45 CFR 205.100 with authority to administer or supervise the administration of the State plan approved under title IV, A of the Act.

State means any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

State Plan means the State plan for AFDC approved under title IV, A of the Act.

State WIN Plan means the Statewide operational plan for WIN, covering AFDC applicants and recipients who register for employment, other employment-related activities, manpower services and training under WIN, developed by the WIN sponsor and SAU in each state and approved and supervised by the RCC under title IV, of the Act.

Supportive services means those social services provided or arranged by the SAU, necessary to enable an individual to engage in employment, other employment-related activities, or training.

Training related expenses means those expenses, reimbursable from WIN funds, that are incurred by individuals participating in WIN program components and activities.

Volunteer means an AFDC applicant or recipient who, though exempt from WIN registration, volunteers for WIN and registers for employment, other employment-related activities, manpower services and training.

Welfare Hearing Officer means the hearing officer designated by the welfare agency to hear and decide or make recommendations on issues relating to exemption or nonexemption for WIN registration.

WIN Incentive Payment means a cash payment of up to $30 per month, paid to an individual who is participating in an institutional or work experience component.

WIN Sponsor means the State agency (such as the State employment service) or other public or non-profit private agency which, through agreement with the RA, admninisters the WIN manpower program under Part C of title IV of the Act at the State or local level.

Work experience training means a clearly defined, well-supervised assignment with a public or nonprofit private employer.

[41 FR 47700, Oct. 29, 1976, as amended at 46 FR 48649, Oct. 2, 1981]

Subpart B—Administration

§ 56.10 General administration provisions.

(a) The WIN program is administered jointly by the Secretary of Labor and the Secretary of Health, Education, and Welfare. To carry out Department of Labor responsibilities under these regulations, the Secretary of Labor has designated the Assistant Secretary for Employment and Training (Assistant Secretary). To carry out Department of Health, Education, and Welfare responsibilities under these regulations, the Secretary of Health, Education, and Welfare has designated the Administrator of the Social and Rehabilitation Service (Administrator).

(b) The Assistant Secretary and the Administrator together form the WIN National Coordination Committee (NCC) which is responsible for the effective national administration of WIN.

(c) The NCC shall issue a WIN Handbook, establish uniform reporting procedures, establish and clarify policy under these regulations, and establish other requirements for effective administration. NCC issuances shall be binding on all regional, State, and local WIN operations.

(d) The NCC shall designate a national Executive Director to administer the program.

(e) The Assistant Secretary has designated the Assistant Regional Administrator, Employment and Training Administration in each region (RA) to carry out the WIN program in each region. The Administrator has designated the Regional Commissioner (RC) of the Social and Rehabilitation Service to carry out his responsibilities under these regulations in each region.

(f) Within each region the RA and the RC shall form the WIN Regional Coordination Committee (RCC). The RCC shall review and approve all State WIN plans and modifications of such plans covering the States in its region. Consistent with directives of the NCC it shall also establish and clarify policy under these regulations and shall establish other requirements for effective administration.

(g) The RCC shall enter into an agreement with the State WIN sponsor and the State Welfare agency under which they shall be responsible for the overall administration of the State WIN plan.

(h) Within each State the welfare agency's Separate Administrative Unit (SAU) shall be responsible for the provision and arrangement of supportive services. The Income Maintenance

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Unit (IMU) of each State welfare agency is responsible for determining all questions relating to eligibility for AFDC benefits, including whether an individual is required to register for WIN.

(The information collection requirements contained in paragraph (c) were approved by the Office of Management and Budget under OMB control no. 1205-0155. The information collection requirements contained in paragraphs (f), and (g) were approved under control number 1205-0214)

[41 FR 47700, Oct. 29, 1976, as amended at 49 FR 18295, Apr. 30, 1984]

§ 56.11 Annual State WIN plans.

(a) State WIN plans on an annual basis shall be jointly developed and approved by the State WIN sponsor and State welfare agency. The NCC shall issue instructions setting guidelines to the State WIN sponsor and State welfare agency for the development of State WIN plans. The plan shall indicate those areas in which the State WIN sponsor and welfare agency, after considering such factors as size of the welfare case load and budgetary constraints, propose to operate WIN projects. Each State WIN plan shall describe the operation to be carried out by the State WIN sponsor and the State welfare agency as well as a summary of the data in the local WIN plans, as required by paragraph (b) of this section. The State WIN plan shall also provide for the establishment of Labor Market Advisory Councils in accord with section 432(f) of the Act.

(b) Each local WIN sponsor and each local SAU shall jointly develop an annual local WIN plan after consulting with other agencies as appropriate. Such plan shall describe the local project's operation. The NCC will issue instructions setting guidelines for the development of such plans.

(c) Local WIN plans shall be forwarded to the State WIN sponsor and State SAU for consideration in the development of the State WIN plan.

(d)(1) The State WIN sponsor and State welfare agency shall:

(i) Submit the State WIN plan (with local WIN plans attached) to the appropriate RCC for action;

(ii) At the same time, forward copies of the plan to the Governor or his delegated agency (as required by OMB Circular A-95) and to the Governor's State Manpower Services Council established under the Comprehensive Employment and Training Act of 1973 (Pub. L. 93-203), or its equivalent, for review and comment;

(iii) Urge the Governor to involve appropriate area-wide clearinghouses in the review; and

(iv) Request the Governor and the Council to send any comments directly to the RCC, (with copies to the State WIN sponsor and the State welfare agency), within 45 days from the date that copies of the State WIN plan were mailed to them.

(2) RCC shall consider any such comments in reviewing the plan, and shall not take final action on the plan until the Governor's and Council's comments have been received, or until the 45 days referred to in paragraph (d)(1)(iv) of this section have elapsed, whichever is earlier.

(Approved by the Office of Management and Budget under OMB control no. 1205-0214)

[41 FR 47700, Oct. 29, 1976, as amended at 49 FR 18295, Apr. 30, 1984]

§ 56.12 [Reserved]

§ 56.13 State and local agreements for WIN activities and programs.

A WIN sponsor may, through agreements with public or private agencies or organizations, including Indian tribes with respect to Indians on a reservation, carry out such activities and programs as are approved or developed by the Secretary of Labor, including but not limited to public service employment programs, intensive manpower services programs, institutional programs, on-the-job training programs, and work experience programs. Work experience programs and Public Service Employment agreements may be entered into only with public agencies and nonprofit private employers organized for a public purpose.

§ 56.14 Allocation of Federal funds.

(a) The Secretary of Labor shall allocate not less than 50 percent of the

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sums appropriated under Part C of title IV of the Act to carry out the WIN program among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to the total amount available as the average number of individuals in each State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a)(19)(A) of the Act, bears to the average number of individuals in all States who, during that month, are so registered.

(b) The Secretary of Labor shall allocate the balance of the sums not allocated under paragraph (a) of this section in such manner as he determines will best serve the objectives of the program.

(c) Of the sums expended on WIN by the Department of Labor, not less than 33⅓ percent thereof shall be expended for carrying out the programs of on-the-job training and public service employment which meet criteria specified in the WIN Handbook issued under § 56.10.

(d) The Secretary of Health, Education, and Welfare shall prescribe methods for the allocation of funds pursuant to section 403(d) of the Act for the 50 States and the District of Columbia. For Puerto Rico, Guam, and the Virgin Islands, the Secretary of Health, Education, and Welfare shall allocate funds pursuant to section 1108 of the Act.

§ 56.15 Use of Federal funds; political activities.

(a) Federal funds under Part C of title IV of the Act allocated by the Secretary of Labor to the State WIN sponsor, may be used to meet not more than 90 percent of the cost of carrying out the regulations promulgated under this part.

(b) WIN funds under Part C of title IV of the Act may be used for training, supervision, materials, administration, incentive payments, transportation, fees for medical examinations required for the determination of exempt status under § 56.20 or incapacity for work assignment under § 56.34(a)(2), and other items as authorized by the Secretary of Labor, but may not, except in cases of WIN/PSE under the Act, be used for any reimbursement to the employer for time spent by individuals in work.

(c) WIN funds under section 403(d) of the Act may be used to meet 90 percent of the cost of supportive services, including child care, provided by or arranged for by the SAU, for AFDC recipients who are certified to WIN, and SAU administrative costs for all registrants.

(d) Federal funds shall be expended only for costs:

(1) Permitted under the provisions of Subpart 1-15.7 of Title 41 of the Code of Federal Regulations, entitled "Principles for Determining Costs Applicable to Grants and Contracts"; and

(2) Not barred under the provisions of this part.

(e) Pursuant to section 403(c) of the Act, notwithstanding any other provision of this chapter, the Federal share of assistance payments under Title IV-A of the Act for any fiscal year shall be reduced by 1 percentage point for each percentage point by which the number of individuals certified to the WIN sponsor as ready for employment or training under the WIN program falls below 15 percent of the average number of individuals in the State who are required to be registered during such fiscal year.

(f) No funds allocated under the Act shall be used for any partisan or nonpartisan political activity or to further the election or defeat of any candidate for public office; nor shall they be used to provide services, or for the employment or assignment of personnel in a manner supporting or resulting in the identification of programs conducted pursuant to the Act with:

(1) Any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, or lobbying for any matter at public issue;

(2) Any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election;

(3) Any voter registration activity.

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§ 56.16 Non-Federal contribution.

(a) A State plan under title IV-A of the Act must provide that the State welfare agency will assure a non-federal contribution to the Work Incentive programs established under Part C of the Act by appropriate agencies of the State or private organizations of 10 percent of the total cost of such programs, in cash or in-kind fairly evaluated. For this purpose, the State welfare agency will plan jointly with the State WIN sponsor for the development and use of in-kind resources. The State welfare agency must make the arrangements for, but need not itself make, the contribution. An in-kind contribution may be made in the form of the provision of services, staff, space, equipment, or any other goods or services of value essential to the operation of the WIN program. Where such contribution is in-kind, the amount thereof will be determined on the basis of its reasonable value as established by suitable documentation.

(b) The State welfare agency shall assure a non-Federal cash or in-kind contribution of 10 percent of the cost of supportive services and related administrative expenses incurred by the SAU under Title IV-A of the Act.

(c) The WIN sponsor costs of operation of the WIN program which may be met by the non-federal contribution may include the costs of training, supervision, materials, administration, incentive payments, transportation, and other items as are authorized by the WIN sponsor.

(d) Funds from other Federal sources, whether in cash or in-kind, may not be used for the non-federal share, except when specifically permitted by law. State funds or resources that have been used to match other federal funds also may not be used for this purpose.

(e) If the State welfare agency fails to make arrangements for the non-Federal contribution of 10 percent of the total Statewide program costs of operation, pursuant to paragraph (a) of this section, the Secretary of Health, Education, and Welfare may withhold, under the conditions specified in the law, the equivalent of amounts to be paid from the grants to the State agency for the public assistance titles.

(f) The provisions of Federal Management Circular (FMC) 74-7 must be met.

[41 FR 47700, Oct. 29, 1976, as amended at 46 FR 48649, Oct. 2, 1981]

§ 56.17 Reports, records, financial statements and audits.

(a) State and local WIN sponsors and welfare agencies shall submit periodic reports as required by DOL and DHEW to assure proper accounting for all program funds, including the non-Federal share. Such records and accounts shall be made available for audit purposes to DOL and DHEW, the Comptroller General of the United States or any authorized representative of these agencies, and shall be retained for 3 years from the date of submission of the final expenditure report or from the date of submission of the annual expenditure report for payments under a grant or contract, whichever is earlier. The records shall be retained beyond the 3-year period if audit findings have not been resolved. State and local WIN sponsors and welfare agencies, shall also submit periodic reports as required by DOL and DHEW covering nonfinancial program activities.

(b) Program fund and activities shall be audited in conformity with the Standards for Audit of Government Organizations, Program Activities and Functions issued by the Comptroller General of the United States.

(Approved by the Office of Management and Budget under OMB control no. 1205-0155)

[41 FR 47700, Oct. 29, 1976, as amended at 49 FR 18295, Apr. 30, 1984]

§ 56.18 Adjustments in payments to WIN sponsors.

(a) If any funds are expended by a WIN sponsor or by a public service employer in violation of the Act, the regulations, grant conditions or contract provisions, the Secretary of Labor may make necessary adjustments in payments to the sponsor or the employing agency on account of such unauthorized expenditures. He may draw back unexpended funds which have been

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made available in order to assure that they will be used in accordance with the purposes of the Act, or to prevent further unauthorized expenditures, and he may withhold funds otherwise payable under the Act in order to recover any amounts expended for unauthorized purposes in the current or immediately preceding fiscal year.

(b) No action taken by the Secretary of Labor under paragraph (a) of this section shall entitle the WIN sponsor to reduce program activities or allowances for any registrant or to expend less during the effective period of the contract or grant than those sums called for in the State WIN plan. Any such reduction in expenditures may be deemed sufficient cause for termination.

§ 56.19 Termination of contracts or grants.

(a) If a WIN sponsor or IMU violates any provision of the Act or the regulations in this part, or contract provisions or grant conditions which the Secretary of Labor has issued or shall subsequently issue during the period of the contract or grant, the Secretary of Labor may terminate the contract or grant in whole or in part unless the agency which caused the violation corrects it within a period of 30 days after receipt of notice specifying the violation; or

(b) In his discretion, the Secretary of Labor may terminate the contract or grant in whole or in part;

(c) Termination shall be effected by a notice of termination which shall specify the extent of termination and the date upon which such termination becomes effective. Upon receipt of a notice of termination the agency shall:

(1) Discontinue further commitments of contract or grant funds to the extent that they relate to the terminated portion of the contracts or grants;

(2) Promptly cancel all contracts or subcontracts utilizing funds under the contract or grant to the extent that they relate to the terminated portion of the contract or grant;

(3) Settle, with the approval of the Secretary of Labor, all outstanding claims arising from such termination;

(4) Submit, within 6 months after the receipt of the notice of termination, a termination settlement proposal which shall include a final statement of all unreimbursed costs related to the terminated portion of the contract or grant but in the case of terminations under paragraph (a) of this section will not include the cost of preparing a settlement proposal. Allowable cost shall be determined in accordance with the provisions of Part 1-15.7 of Title 41 of the Code of Federal Regulations and Federal Management Circular (FMC) 74-4.

Subpart C—Requirements and Procedures for Registration, for Appraisal and Certification

§ 56.20 Registration requirements for AFDC applicants and recipients; State plan requirements.

A State plan under Title IV-A of the Social Security Act must provide that:

(a) All applicants and recipients who are required to register by section 402(a)(19)(A) of the Act shall register for manpower services, training, employment, and other employment-related activities as a condition of eligibility for AFDC, except as otherwise provided under paragraph (b) of this section;

(b) The Income Maintenance Unit (IMU) of the State or local welfare agency shall determine which AFDC applicants and recipients are exempt from registration and which are required to register as a condition of eligibility for AFDC benefits, based on the following criteria: Each AFDC applicant and recipient shall register unless he or she is:

(1) Under age 16;

(2) A full-time student (as defined in State welfare regulations), aged 16 but under age 18 who is attending an elementary or secondary school, or a vocational or technical school that is equivalent to a secondary school; or a full-time student under age 19, if the State AFDC plan extends coverage to children under age 19, who is attending a secondary school or a program in a vocational or technical school that is equivalent to a secondary school and is reasonably expected to complete such

school or program before reaching age 19;

(3) Ill, when determined by the IMU on the basis of medical evidence or on another sound basis that the illness or injury is serious enough to temporarily prevent entry into employment or training;

(4) Incapacitated, when verified by the IMU that a physical or mental impairment, determined by a physician or licensed or certified psychologist, by itself or in conjunction with age, prevents the individual from engaging in employment or training under WIN;

(5) 65 years of age or older;

(6) Residing outside of a WIN project area specified in the State WIN plan or residing within a WIN project area at a location which is so remote from a WIN office or service unit that effective participation in the program is precluded. The individual shall be considered remote if a round trip of more than 2 hours by reasonably available public or private transportation, exclusive of time necessary to transport children to and from a child care facility, would be required less normal round trip commuting time in the area is more than 2 hours, in which case the round trip commuting time shall not exceed the generally accepted community standards;

(7) A person in the home, and the IMU has verified that a physical or mental impairment, as determined by a physician or licensed or certified psychologist, of another member of the household requires the individual's presence in the home on a substantially continuous basis, and that no other appropriate member of the household is available;

(8) A parent or other caretaker relative of a child under age 6 who personally provides full-time care of the child with only very brief and infrequent absences from the child;

(9) A parent or other caretaker of a child who is deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, if another adult relative in the home is registered and has not failed or refused to participate in the program or to accept employment without good cause;

(10) A person who is working not less than 30 hours per week in unsubsidized employment expected to last a minimum of 30 days. This exemption continues to apply if there is a temporary break in full-time employment expected to last no longer than 10 work days.

(11) The parent of a child who is deprived of parental support or care by reason of the unemployment of a parent, if the other parent (who is the principal earner as defined in 45 CFR 233.100(a)) is not exempt under one of the other preceding clauses of this section.

(12) A pregnant woman when it is verified by the IMU, on the basis of medical evidence, that the child is expected to be born in the month that registration otherwise would be required or within the next 3 months.

(13) An individual employed under a Work Supplementation Program established under 45 CFR Part 239.

(c) The IMU shall inform each applicant and recipient in writing that:

(1) The needs of any nonexempt applicant or recipient who fails to register as required will not be taken into account in determining the need and the amount of the AFDC assistance payment;

(2) Exempt applicants and recipients must report to the IMU any changes which affect their exempt status;

(3) Any applicant or recipient has a right to a hearing before the State welfare agency to contest a determination of nonexempt status or to contest a denial of AFDC benefits when such benefits have been denied because of his refusal to register for WIN;

(4) Exempt applicants and recipients in WIN project areas may choose to register voluntarily for manpower services, training employment, and employment-related activities, and may withdraw such registration at any time without loss of AFDC benefits, provided their status has not changed in a way which would require registration; and

(5) Nonexempt applicants and recipients, along with exempt individuals who volunteer for WIN, shall report to a specified place of registration at the office of the WIN sponsor or its approved agent.

(d) The IMU shall immediately refer all applicants and recipients, whom it has determined to be nonexempt, and all volunteers, to the WIN sponsor or its approved agent for registration.

(e) The IMU shall refer individuals who have been determined to be exempt from registration on the basis of incapacity to the appropriate State vocational rehabilitation agency.

(f) The IMU of the welfare agency shall include a redetermination of exemption as a part of the AFDC eligibility redetermination process, except where an individual has been determined to be 65 years of age or older, or permanently incapacitated.

(g) The IMU shall notify the WIN sponsor within 3 working days of any welfare determination which may affect an individual's WIN status.

[41 FR 47700, Oct. 29, 1976, as amended at 46 FR 46806, Sept. 22, 1981; 46 FR 48649, Oct. 2, 1981; 50 FR 6166, Feb. 14, 1985]

§ 56.21 Registration procedures.

(a) The WIN sponsor shall promptly register all individuals found by the IMU to be nonexempt, and all individuals who volunteer for WIN, when they appear at the WIN office so that eligibility determinations are not delayed. Where special conditions warrant (such as a paucity of WIN sponsor offices in an area), the WIN sponsor may, with the concurrence of the RCC, contract with other public or private nonprofit agencies in specified areas to carry out registration activities. Under this requirement, the WIN sponsor (or its approved agency) shall:

(1) Obtain a complete work history on each applicant and recipient;

(2) Notify each registrant about the nature of the WIN program and about his rights and responsibilities therein;

(3) Provide each registrant with written proof of registration;

(4) If the IMU has determined an individual to be nonexempt and the WIN sponsor disagrees, register the individual and request the IMU to reconsider its determination. The IMU's response will be accepted by the WIN sponsor. If the IMU reverses its decision, the WIN sponsor shall deregister the individual as exempt unless the individual volunteers for WIN. If the IMU does not respond within 30 days of the request, the WIN sponsor shall deregister the individual as exempt:

(5) Notify the IMU of any employment or other change of status which may affect an individual's AFDC eligibility or the amount of the AFDC payment. Included in this notification will be the hours and expected duration of employment.

(6) Notify the IMU, within 3 working days of the registration, that registration has been completed so that the IMU's completion of the welfare eligibility determination shall not be delayed; and

(7) Provide all registrants, at the time of registration, job market information and referral to available employment. All appropriate job market information available to the WIN Sponsor, including Job Bank, shall be used to provide this information and facilitate such referrals.

(b) The needs of any individual who fails to register as required under paragraph (a) of this section shall not be taken into account in determining the need of the family and the amount of assistance, and assistance will be furnished to the eligible members of the family;

(c) Where the WIN sponsor is the State public employment service, the registration required of unemployed fathers under section 407(b)(2)(c)(i) of the Act may be completed at the WIN office. This will fulfill the WIN registration requirement under section 402(a)(19)(A) of the Act.

[41 FR 47700, Oct. 29, 1976, as amended at 46 FR 48649, Oct. 2, 1981]

§ 56.22 Appraisal and certification.

(a) The appraisal interview shall be conducted jointly to the extent possible, or sequentially as appropriate, by the WIN sponsor and the SAU. Whenever possible, appraisal shall occur at the time of registration. An employability plan shall be initiated by the WIN sponsor and the SAU at the appraisal interview for each registrant who is found suitable for participation in the WIN program. The decision to refer an individual to employment or to a work or training component rests with the WIN sponsor.

(b) All unemployed parents who are principal earners as defined in 45 CFR 233.100(a) shall be appraised within 2 weeks of the determination of eligibility for AFDC benefits, and appraisal shall occur prior to certification. Certification shall be completed no later than 30 days from the receipt of AFDC benefits.

(c) Other individuals will be appraised according to the following priorities, taking into account the individual's employment potential:

(1) Mothers, whether or not required to register, who volunteer;

(2) Other mothers, and pregnant women under 19 years of age, who are required to register;

(3) Dependent children and relatives who have attained age 16 and who are not in school full-time or engaged in work or manpower training; and

(4) Others.

(d) The employability plan shall contain a manpower services plan and a supportive services plan, and shall be designed to lead to employment and ultimately to self-support. It shall contain a definite employment goal, attainable in the shortest time period consistent with the supportive services needs, project resources, and job market opportunities. Final approval of the employability plan rests with the WIN sponsor.

(e) The SAU shall certify in writing that the necessary immediate and ongoing supportive services have been provided or arranged, or that no such services are required for those individuals who have been selected for participation in a WIN component. The SAU shall also certify registrants who are recipients who are selected to participate in employment-related activities. When certified, the individual shall be placed in employment if appropriate work that the individual can perform is available. If the individual cannot be immediately placed in employment, he shall be placed in employment-related activities, on-the-job training, public service employment, institutional training or in any other manpower program or activity.

(f) The SAU may provide or arrange for social services for AFDC applicants to enable them to participate in employment-related activities. Such applicants may be certified, or services may be provided or arranged on an occasional basis without certification.

(g) Registrants who find employment or are placed by the WIN sponsor may be certified and necessary supportive services may be provided.

(h) AFDC grants and social services for individuals under the State AFDC plan shall not be denied by reason of the individual's referral to a job, to a WIN program, or solely by reason of an individual's participation therein.

(Approved by the Office of Management and Budget under OMB control no. 1205-0156)

[41 FR 47700, Oct. 29, 1976, as amended at 46 FR 46806, Sept. 22, 1981; 46 FR 48650, Oct. 2, 1981; 49 FR 18295, Apr. 30, 1984]

Subpart D—Supportive and Manpower Services and Protective Provisions

§ 56.30 Supportive services; State plan requirements.

A State plan under Part A of title IV of the Act must provide that:

(a) Within the State agency there will be separate administrative units which will, to the maximum extent possible, perform functions only in connection with the WIN program. To the maximum extent feasible, local SAU staff and WIN employment and training staff should be located together to foster more efficient working arrangements for joint appraisals, the development of employability plans, and the provision of services to registrants.

(b) The SAU shall be responsible for:

(1) Developing, jointly with the State WIN sponsor, and approving, a State WIN plan in accordance with section 433(b) of the Act;

(2) Developing and supplying social services necessary to enable a registrant, to accept employment, training for employment, or other employment-related activities. Necessary services shall continue for a period of 30 days after the start of unsubsidized employment and may continue for a maximum of 90 days at the discretion of the SAU. Such services may be provided even after the AFDC grant has been discontinued due to employment.

In an emergency such services may also be provided for a period of up to 30 days to enable a registrant to continue existing employment;

(3) Participating with the WIN sponsor in appraisal and certification, in the development of employability plans pursuant to § 56.22, and in efforts to resolve grievances and disputes informally.

(4) Certifying in writing to the WIN sponsor that the individual is ready for WIN manpower services when the WIN sponsor requests such certification and the supportive services, if any were necessary, have been provided or arranged for; and

(c) Supportive services under the WIN program shall include:

(1) Child care which meets the standards specified in 45 CFR 228.42. When more than one kind of child care is available, the mother of other caretaker relative may choose the type, but may not refuse to accept child care services if they are available. Such services must be responsive to breakdowns in prior arrangements in order to ease or avoid disruption of employment or participation in manpower services;

(2) Family planning services;

(3) Counseling services;

(4) Employment related medical, remedial, and health-related care services not included under the State's Title XIX plan or otherwise available;

(5) Selected vocational rehabilitation services, as defined by the Rehabilitation Act of 1973, which cannot otherwise be funded by the vocational rehabilitation agency;

(d) Other supportive services included in the State WIN plan may be provided if they are necessary to enable registrants to accept employment or receive manpower training.

(e) Supportive services may be provided for up to two weeks to a registrant between participation in WIN components or between participation in a component or employment-related activities and the start of employment in order to avoid interruption of the employability process.

[41 FR 47700, Oct. 29, 1976, as amended at 46 FR 48650, Oct. 2, 1981]

§ 56.31 [Reserved]

§ 56.32 Pay and allowances for WIN registrants.

(a) An individual assigned to employment search shall receive an allowance for necessary expenses for participation.

(b) An individual assigned to a WIN institutional or work experience training component, in which no salary is paid, shall receive an allowance for necessary training related expenses. He shall also receive incentive payments at a rate not to exceed $30 a month provided he meets the requirements of the component relative to hours of participation.

(c) Individuals placed in employment, OJT, or PSE shall be authorized training related expenses for not in excess of two WIN pay periods; or until they receive their first full paycheck or the cash from a grant adjustment reflecting new work related expenses, whichever occurs first.

(d) Reasonable subsistence allowance, in addition to a training-related expense payment, shall be paid to individuals for separate maintenance when in training facilities beyond daily commuting distance from their homes for each calender day within the training payment period during which they are participating in such training and are residing away from home.

(e) An individual shall be paid transportation allowance to a training facility located beyond commuting distance for the cost of his initial trip to the training facility and for his final trip home at the completion or other termination of such training.

(f) Individuals may be paid allowances for nonrecurring expenses as authorized by the Secretary of Labor.

(g) WIN sponsor offices may establish petty cash funds or another acceptable method to meet needs for cash for allowable expenditures for all registrants.

(h) Registrants referred to employment may receive an allowance for necessary expenses.

[46 FR 48650, Oct. 2, 1981]

§ 56.33 Relocation assistance.

The Secretary of Labor may assist certified individuals to relocate their place of residence when he determines such relocation is necessary in order to enable them to become permanently employed and self-supporting. Such assistance shall be given only to individuals who concur in the relocation and who have received a bona fide job offer at their place of relocation at wage rates which will meet at least their full need as determined by the State to which they will be relocated. Assistance under this section shall not exceed the reasonable costs of transportation for such individuals, their dependents, and their household belongings, plus such relocation allowance as the Secretary of Labor determines to be reasonable.

§ 56.34 Appropriate work and training criteria.

(a) WIN registrants may not be referred to employment which is known not to meet the criteria of this paragraph. Certified recipients shall accept assignment to employment, WIN training or employment-related activities, as determined appropriate by the WIN sponsor or face deregistration action. The following standards must be met before any such individuals can be required to accept a work or training assignment including PSE and OJT:

(1) All assignments for those in WIN training shall be within the scope of an individual's employability plan. This plan may be modified to reflect changed employment conditions;

(2) The job or training assignment must be related to the capability of the individual to perform the task on a regular basis. Any claim of adverse effect on physical or mental health shall be based on an adequate medical testimony from a physician or licensed or certified psychologist indicating that participation would impair the individual's physical or mental health;

(3) The total daily commuting time to and from home to the work or training site to which the individual is assigned shall not normally exceed 2 hours, not including the transporting of a child to and from a child care facility, unless a longer commuting distance and time is generally accepted in the community, in which case the round trip commuting time shall not exceed the generally accepted community standards;

(4) When child care is required it must meet the standards specified in 45 CFR 228.42 and must be available during the hours the individual is engaged in a WIN component or manpower activity plus any additional necessary commuting time;

(5) The work or training site to which the individual is assigned must not be in violation of applicable federal, State and local health and safety standards;

(6) Assignments shall not be made which are discrimininatory in terms of age, handicap, sex, race, creed, color, or national origin; and

(7) The individual shall not be referred to work or training unless supportive and manpower services necessary for participation are available, even in cases where the State WIN plan does not specifically provide for the needed services. The cessation or withdrawal of such necessary services while the individual is in a WIN component shall constitute good cause for refusal to participate.

(b) The determination of "appropriate work" shall be made at the local project level. The following criteria shall be applied in addition to the above, in determining "appropriate work":

(1) Appropriate work may be temporary, permanent, full-time, part-time or seasonal work, if such work meets the other work standards of this section;

(2) When an income disregard is available, the wage shall meet or exceed the Federal or State minimum wage law, whichever is applicable, or if such laws are not applicable, the wage shall not be substantially less favorable than the wage normally paid for similar work in that labor market but in no event shall it be less than three-fourths of the minimum wage rate set forth in section 6(a)(1) of the Fair Labor Standards Act;

(3) When, as a result of becoming employed, no income disregard is available to the individual, the wage, less mandatory payroll deductions and

a reasonable allowance for necessary employment related expenses, shall provide an income equal to or exceeding the family's AFDC cash benefit. The wage shall in no case, be less than that required by any applicable minimum wage law;

(4) The daily hours of work and the weekly hours of work shall not exceed those customary to the occupation; and

(5) No individual shall be required to accept employment if:

(i) The position offered is vacant due to a strike, lockout, or other bona fide labor dispute;

(ii) The individual would be required to work for an employer contrary to the conditions of his existing membership in the union governing that occupation. However, employment not governed by the rules of a union in which he has membership may be deemed appropriate;

(iii) The job offered would interrupt a program in progress under an approved employability plan leading to self-supported or to the resumption of his regular job within a short period time. This does not, however, preclude temporary employment during the interval prior to his re-employment in his regular job.

(c) In addition to meeting the criteria in paragraph (a) of this section, for training to be appropriate, the quality of the training must meet local employers' requirements so that the individual will be in a competitive position within the local labor market. The training must also be likely to lead to employment which will meet the appropriate work criteria.

[41 FR 47700, Oct. 29, 1976, as amended at 46 FR 48650, Oct. 2, 1981]

§ 56.35 Period of participation.

(a) The duration of institutional training established pursuant to section 432(b)(2) of the Act shall average no more than six months with a maximum duration of one year for any individual.

(b) Participation in the work experience component shall not exceed 13 weeks for any individual.

(c) The RCC may, for good cause, allow an exception to the limitations in paragraph (a) of this section.

§ 56.36 Nondiscrimination.

(a) No person in the United States shall, on the grounds of age, race, creed, color, sex, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance under these regulations.

(b) Grievances involving discrimination under paragraph (a) of this section shall be processed according to equal opportunity provisions established by DOL and DHEW and, to the extent applicable, in compliance with Title VI of the Civil Rights Act of 1964 (78 Stat. 252) and the regulations issued thereunder at 29 CFR Part 31 (DOL) and 45 CFR Part 80 (DHEW).

Subpart E—The WIN Components and Activities

§ 56.40 Public service employment (PSE).

(a) PSE consists of WIN subsidized jobs in the public and private non-profit sectors. All PSE jobs must meet the criteria for appropriate work, established by § 56.34, and must be jobs which would not otherwise be performed by regular employees. The PSE component provides transitional employment intended to move individuals from AFDC into unsubsidized jobs.

(b) All certified registrants for whom appropriate unsubsidized employment cannot be found are eligible for placement in PSE.

(c) An eligible employer may be:

(1) Any unit of State or local government;

(2) Any public agency or institution which is a State or local government subdivision;

(3) An Indian tribe or combination of tribes on a Federal or State reservation; or

(4) Any private non-profit organization established to serve a public purpose.

(d) For the purpose of AFDC benefits, PSE participants are considered to be employed. However, PSE participants shall not be deregistered from WIN until they complete the scheduled PSE contract period and enter unsubsidized employment. PSE participants are not eligible to receive either a WIN incentive payment or the $30 plus ⅓ disregard provided by section 402(a)(8) of the Act.

(e) Individuals shall not be assigned to a PSE job if this will result in the displacement of already employed full-time workers.

§ 56.41 Employment-related activities (EA).

(a) Each State WIN sponsor shall establish a program of employment-related activities in each WIN site to assist registrants, who are either AFDC applicants or recipients, to obtain employment. The State WIN sponsor shall develop standards of participation taking into account local conditions, including, but not limited to, geographic factors, availability of public transportation, and local labor market characteristics. These standards of participation shall be included in the State WIN plan.

(b) Employment-related activities shall provide employment search. Included may be group job seeking, job development, exposure to labor market information, referrals, and job placement, to assist individuals in obtaining unsubsidized employment.

(c) Participation in required employment search may not exceed a total of 40 work days in any calendar year for any individual.

(d) Assignment of registrants to employment-related activities shall occur only after appraisal and the development of an employability plan. Recipients must be certified prior to participation. AFDC applicants may be certified, but lacking certification must be provided any supportive services necessary to permit effective participation.

[46 FR 48650, Oct. 2, 1981]

§ 56.42 On-the-job-training (OJT).

(a) OJT is an employment opportunity which includes training. Under this component, a certified registrant is hired by a private or public employer and provided training which is subsidized under contract between the employer and the WIN sponsor. Employers are encouraged to provide increased supervision and training through contracts with the WIN sponsor, pursuant to which the WIN sponsor will reimburse the employer for the extraordinary costs of such training and supervision.

(b) For the purpose of AFDC benefits, OJT participants are considered to be employed. However, OJT participants shall not be deregistered from WIN until they complete the scheduled OJT contract period as they are still an active participant in the WIN program during such period.

§ 56.43 Institutional and other work experience training.

(a) Institutional training is a component involving vocational or other classroom training conducted by an instructor in a non-worksite setting.

(b) A work experience component is to provide a clearly defined, well-supervised, assignment with a public or private nonprofit employer in which an individual has the opportunity to develop basic work habits, to practice skills learned in classroom training, and to demonstrate skills to a prospective employer.

§ 56.44 WIN individuals suspended to other employment or training programs.

Certified individuals referred to other eligible Federal or State funded employment or training programs, and meeting all the eligibility requirements under those programs, shall be temporarily suspended from the WIN program. Such individuals shall normally be compensated in accordance with and through the provisions of those programs. However, when such compensation is not available or would be disadvantageous to the individual, he may accept regular WIN benefits instead. Notwithstanding such suspension, necessary supportive and manpower services which are not provided under the other program, but which are necessary to permit the individual to continue in the program, will be provided or arranged for by the SAU and the WIN sponsor in accordance with the time limits set forth in this Part.

§ 56.45 Non-Federal employee status.

An individual in a WIN component shall not be deemed an employee of the Federal Government, and shall not be subject to the provisions of laws relating to Federal employees, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

Subpart F—Deregistration and Sanctions

§ 56.50 Deregistration.

(a) All deregistration shall be performed by the WIN sponsor.

(b) A deregistration is necessary when an individual is held to have refused to participate without good cause; an incorrect non-exemption determination has been made; or an individual becomes exempt. Deregistration is also necessary when an individual becomes ineligible for AFDC except in the case where he is participating in a component or is employed and receiving WIN-funded supportive services.

(c) The welfare agency shall notify the WIN sponsor of any change which will affect an AFDC recipient's welfare or exemption status in such a way as to warrant deregistration.

(d) Except in those cases where the WIN sponsor has been notified that an AFDC grant has been discontinued for reasons involving other than WIN program issues the WIN sponsor shall notify the IMU of all deregistrations.

(e) Any WIN recipient, except a volunteer, who is determined to have failed or refused without good cause to appear for appraisal; or any certified WIN recipient, except a volunteer, who has failed or refused to participate in the WIN program without good cause shall be deregistered from WIN and removed from the AFDC grant for failure to participate. Any individual who without good cause terminates or refuses to accept employment, or reduces earnings shall be deregistered and removed from the AFDC grant.

(f) Volunteers who withdraw from the WIN program shall be deregistered.

(g) Volunteers who are found to refuse to participate after notice and an adverse hearing decision, if a hearing is requested, shall be deregistered.

(h) The sanction in 29 CFR 56.51 shall become effective on the first day of the first payment-month that the sanctioned individual's needs are removed from the AFDC grant.

[41 FR 47700, Oct. 29, 1976, as amended at 46 FR 48651, Oct. 2, 1981]

§ 56.51 Sanctions.

A State plan under Title IV-A of the Act shall provide that:

(a) When an AFDC recipient, who is a mandatory registrant in the WIN program, has been found to have failed or refused without good cause to participate in the program, or has terminated employment or refused to accept employment, or reduced earnings without good cause, the following sanctions shall apply:

(1) For the first such occurrence the individual shall be deregistered for three payment-months.

(2) For the second and subsequent occurrences, the individual shall be deregistered for six payment-months.

(b) During the sanction period:

(1) If the individual is a caretaker relative receiving AFDC benefits, the State will not take into account his of her needs in determining the family's need for assistance. Payments for remaining members of the assistance unit will be in the form of protective or vendor payments except that, if after making reasonable efforts, the State agency is unable to locate an appropriate individual to whom protective payments can be made, the State may continue to make payments on behalf of the remaining members of the assistance unit to the sanctioned caretaker relative.

(2) If the individual is the only dependent child in the family, the State will deny assistance for the family.

(3) If the individual is one of several dependent children in the family, the State will deny assistance for the child and will not take into account the child's needs in determining the family's need for assistance.

(c) When the State finds that an AFDC recipient who is a voluntary

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registrant has failed or refused to participate in the WIN program without good cause, the State will deregister the individual for three or six payment-months depending on whether this was the first or a subsequent deregistration for failure or refusal to participate. However, the individual's AFDC grant shall not be affected.

(d) An individual may manifest failure or refusal to participate in the WIN program or may manifest termination of or refuses to accept employment or reduction in earnings either by an overt act (express) or by a de facto action.

(1) An overt (express) refusal is a written or oral statement by an individual that he or she will not participate in the WIN program.

(2) A de facto refusal is any current act or pattern of behavior consisting of a series of current events from which failure or refusal to participate can be implied. Where the failure or refusal to participate or termination of employment or refusal to accept employment or reduction in earnings is implied, the WIN sponsor shall send a notice setting an appointment for the individual to come to the WIN office and discuss the act or pattern of behavior in question. The notice shall explain the reasons for the appointment and the consequence of failure to keep the appointment.

(e) In the event a registrant is referred back to the IMU as having good cause for not continuing on a training plan or a job, the IMU shall promptly restore the assistance payment to the individual or make other necessary payment adjustments.

[46 FR 48651, Oct. 2, 1981, as amended at 50 FR 6166, Feb. 14, 1985; 51 FR 9441, Mar. 19, 1986]

Subpart G—The WIN Adjudication System

§ 56.60 Disputes regarding WIN registrations.

(a) The welfare agency shall provide an opportunity for a hearing in the case of a disputed registration determination in which the AFDC applicant or recipient claims that he is exempt from WIN by the statutory criteria. Such an individual shall be considered as exempt until his status is finally determined.

(b) A welfare hearing officer shall conduct welfare hearings under this section, pursuant to the procedures prescribed in 45 CFR 205.10. Where the local WIN sponsor becomes involved in the determination of a disputed registration, a representative of the local WIN sponsor shall appear as a party at the hearing.

§ 56.61 Rules and procedures.

(a) The State WIN plan shall include rules and procedures applicable to both certified and uncertified registrants, governing participation, attendance, conduct, disputes, notice and opportunity for a fair hearing and any State appelate review.

(b) The plan shall specify that the hearing officer shall be an individual who was not involved in the original determination. The plan shall also designate the parties to the hearing.

§ 56.62 Complaints and grievances.

(a) Initially, written complaints and grievances shall be handled informally outside of the WIN adjudication system. They shall be processed at the local project level within the time frame provided under § 56.63(a). At that time, an individual who is not satisfied with the disposition of his complaint may initiate a formal protest at the local project level which then will be processed through the formal WIN adjudication system.

(b) Written records of all disputes arising within the WIN program shall be maintained by the WIN sponsor. The date appearing on such records shall be controlling in determining the timeliness of subsequent steps in the WIN adjudication system.

§ 56.63 Requirement of conciliation and notice.

(a) The WIN staff must exhaust efforts toward conciliatory resolution of disputes between the WIN staff and the registrant before the WIN staff issues a "Notice of Intended Deregistration." This conciliation effort shall begin as soon as possible, but no later than 10 days following the date of failure or refusal to participate as determined under § 56.51(d) of this part, and may continue for a period not to exceed 30 days. However, either the WIN staff, or the regisrant upon written request, *may* terminate this period sooner when either believes that the dispute cannot be resolved by conciliation. The WIN staff shall advise the registrant of the right to terminate the conciliation effort and, where necessary, assist in preparing the written statement.

(b) Within two working days after the WIN staff or the registrant terminates the conciliation period without resolution of the matter, the WIN staff shall mail to the registrant by registered mail a "Notice of Intended Deregistration." This notice must include:

(1) A detailed explanation of the reason for the action and the consequence of refusal or failure to cooperate in a WIN prescribed program without good cause;

(2) Notification of the registrant's right to a hearing if the registrant believes that the proposed action is incorrect, or the length of the sanction period is incorrect, provided a request for a hearing is filed as prescribed in § 56.64 of this part;

(3) Notice that the proposed action will be implementated if a hearing request is not received within the prescribed time;

(4) Instructions and required forms for requesting a hearing;

(5) An offer to assist with preparation of the hearing request;

(6) Notice that he may be represented at the hearing by counsel or other authorized representative appointed by him and that he and his representative will have the opportunity to confront and cross-examine opposing witnesses;

(7) Notice that he will be permitted to present material evidence and testimony at the hearing that is not already in the record.

(c) When written notification is mailed to the individual, the WIN sponsor shall also inform him of the intended action personally or by telephone, if possible.

(d) The requirements of this section do not apply to an individual who:

(1) Has successfully entered employment and is regularly employed;

(2) Is deregistered as exempt; or

(3) Is deregistered as a result of becoming ineligible for welfare.

OMB CONTROL No. 1205-0175. (47 FR 145, Jan. 5, 1982)

[41 FR 47700, Oct. 29, 1976, as amended at 45 FR 27416, Apr. 22, 1980; 46 FR 48651, Oct. 2, 1981; 47 FR 145, Jan. 5, 1981]

§ 56.64 Request for hearing.

(a) An individual who believes the intended action is incorrect may request a hearing before a hearing officer within 10 days after mailing of Notice of Intended Deregistration. The request for a hearing may be made either orally or in writing by the individual or his authorized representative to the WIN sponsor. Where the request is oral, the WIN sponsor shall prepare the required forms on behalf of the individual and obtain the individual's signature on the forms.

(b) Hearing procedures shall be made available to individuals requesting hearings in advance of such hearings.

§ 56.65 Issues subject to hearing.

(a) Under the WIN adjudication system a hearing officer will hear and decide WIN program issues arising subsequent to registration by uncertified and certified registrants. The issues for which a hearing may be requested include, but are not limited to, a registrant's failure or refusal to appear for appraisal or for assignment to a WIN component; unresolved WIN grievances; a registrant's failure or refusal without good cause to accept employment or otherwise participate in the WIN program; and the WIN staff determination of the length of the sanction period.

(b) After reasonable attempts have been made at the local level to resolve disputes arising from work, or training assignment under WIN, the designated activity may be accepted without prejudicing the individual's right to protest such assignment. Such protest shall be handled through the WIN adjudication system in the same manner as if the registrant had, in fact, refused to participate in the WIN program. In such an instance, a registrant who fails to accept an adverse decision pursuant to § 56.68 (a)(5) shall have no further recourse to a hearing on the issue before a hearing officer but may appeal the decision pursuant to § 56.69.

[41 FR 47700, Oct. 29, 1976, as amended at 45 FR 27417, Apr. 22, 1980]

§ 56.66 Hearing procedures.

(a) Upon receipt of a written request for a hearing, a Notice of Scheduled Hearing shall be mailed to the individual and other parties within 10 days. Such notice shall indicate the date, time, and place of the hearing, the issues to be considered, and the hearing procedures that will be followed. Hearings shall be scheduled no earlier than 10 days, or later than 30 days, following the mailing of the hearing notice.

(b) The hearing officer may reschedule a hearing upon request of the individual, his representative, or other party.

(c) An individual or his representative may withdraw the request for a hearing in writing before the hearing.

(d) The WIN staff or its legal representative shall have primary responsibility for presenting the case before the hearing officer.

§ 56.67 Conduct of WIN hearings.

(a) The hearing officer shall:

(1) Regulate the course of the hearing;

(2) Issue subpoenas authorized by State law;

(3) Assure that all relevant issues are considered, including the timeliness of the hearing request;

(4) Rule on the introduction of new and relevant evidence and testimony;

(5) Take any other action consistent with due process, necessary to insure an orderly hearing.

(b) The testimony at the hearing shall be recorded. It shall be transcribed only when necessary for review by an appellate body.

(c) The registrant or his representative, and the designated WIN sponsor and SAU shall be afforded the opportunity to present, examine, and cross-examine witnesses.

(d) The hearing officer may elicit testimony from witnesses, but shall not act as advocate for any party.

(e) The hearing officer shall receive, and make part of the record documentary evidence offered by any party and accepted at the hearing. Copies thereof shall be made available to other interested parties upon request.

(f) The case record, or any portion thereof, shall be available for inspection and copying by any party at, prior to, or subsequent to the hearing upon request. Special procedures may be used for disclosure of medical and psychological records such as disclosure to a physician designated by the individual.

(g) The hearing officer shall, if feasible, resolve the dispute by conciliation at any time prior to the conclusion of the hearing.

§ 56.68 Decisions of the hearing officer.

(a) The hearing officer may rule:

(1) That the individual has failed to appear for appraisal without good cause or has failed or refused to participate without good cause, and that appropriate deregistration shall be initiated;

(2) That good cause has been shown for failure or refusal to participate and the individual should be retained in the program;

(3) That the request for a hearing is dismissed because:

(i) It was filed untimely without good cause;

(ii) It has been withdrawn in writing;

(iii) The individual failed to appear at the hearing without good cause; or

(iv) Reasonable cause exists to believe that the request has been abandoned or that repeated requests for rescheduling are arbitrary and for the purpose of unduly delaying or avoiding a hearing, in which case the welfare agency may initiate necessary action to impose appropriate sanctions;

(4) That the individual was appropriately or inappropriately assigned; or

(5) That the length of the period during which the registrant failed or refused to participate was not correctly determined by the WIN staff.

(6) Whether following conclusion of the sanction period, the WIN staff correctly refused to reregister the individual for cause.

(b) The hearing officer may render such other decisions as are appropriate to the issue or issues before him or her for resolution. However, a hearing officer must not consider the validity or constitutionality or either the Act or the regulations in this part.

(c) Based on the entire record including any evidence and oral testimony provided at the hearing the hearing officer shall prepare a written decision. Within 10 working days following the hearing, a copy of such decision stating his findings and conclusions of law and the reasons therefore, shall be mailed to the individual and his authorized representative, if any, the WIN sponsor, the SAU, and the RCC. Instructions for appealing an adverse decision or recommendation to the appropriate appellate body shall be attached to the copy sent to the individual and his representative.

(d) In cases involving novel questions of law or policy the hearing officer may, within 5 days after issuing his written decision, certify the case for review and decision to the State WIN appellate body or to the National Review Panel (NRP) where the State does not provide for a State WIN appellate procedure.

[41 FR 47700, Oct. 29, 1976, as amended at 45 FR 27417, Apr. 22, 1980]

§ 56.69 Appeals from hearing officer's decision.

(a) Any party who disagrees with the hearing officer's decision on the WIN issue may request a review of such decision by the appropriate State appellate body within 10 days following the date on which the hearing officer's decision is mailed. A request for appellate review of the hearing officer's decision shall not stay implementation of the decision.

(b) A State WIN appellate body shall consider and decide appeals filed within the time period prescribed by paragraph (a) of this section. Within 30 days after receipt of the request for review it shall prepare a written decision either affirming or reversing the hearing officer's decision or it may remand the case to a hearing officer for further evidence. The decision shall be based on its review of the entire hearing record and any additional written evidence submitted or obtained in connection with its consideration of the appeal. However, in no case shall new evidence be admitted if it brings into question the validity or constitutionality of the regulations in this part or of the Act. The decision shall state the findings of fact and conclusions of law and the reasons therefore. Copies of the decision shall be mailed to the individual, his authorized representative, if any, the WIN sponsor, the SAU the RCC, and the NRP. Instructions for appealing a decision to the NRP and the rules under which the NRP considers appeals shall be attached to the individual's copy of the decision.

(c) While reviewing a case, a State WIN appellate body may consider novel questions of law or policy or certify the case within 5 days after rendering its decision to the NRP for review and decision.

(d) If a hearing officers's adverse decision is reversed on appellate review, the individual shall be paid such retroactive WIN and welfare benefits as may be applicable and, where appropriate, shall be reinstated in the program.

§ 56.70 National Review Panel (NRP).

(a) The NRP shall be composed of the DOL Chief Administrative Law Judge and other Administrative Law Judges appointed pursuant to the Administrative Procedure Act requirements and designated by the Chief Administrative Law Judge to serve as members of the panel. The panel shall be located in Washington, D.C., and shall, unless equity requires otherwise, hold its reviews in Washington.

(b) The NRP has jurisdiction to—

(1) Consider appeals where a State does not provide for a WIN appellate procedure in all cases in which a compelling reason exists, including, but not limited to, cases raising novel and or substantial issues of law or policy.

(2) Consider and decide cases wherein, in the exercise of its discretion, it has accepted certification of the cases

to it by the State WIN appellate body, or in the absence of a State WIN appellate body, by the hearing officer because they involve novel questions of law or policy;

(3) Consider and decide cases which, on its own motion, it has requested from a State WIN appellate body or, in the absence of a State WIN appellate body, from the hearing officer.

(4) At its discretion, consider and decide appeals filed by individuals, the WIN sponsor or welfare agencies from State WIN appellate body decisions.

(5) Monitor the consistency, legal sufficiency, and quality of cases handled by the hearing officer and State WIN appellate body.

(6) However, the NRP shall not have jurisdiction to examine the issue of either the validity or constitutionality of the regulations in this Part or of the Act.

§ 56.71 Appeals to the NRP.

(a) Appeals to the NRP may be filed by any party. Such appeals shall be mailed within 10 days of the date of the written decision from which the appeal is taken.

(b) The appeal shall be in writing, shall identify reasons in support of the appeal, and be addressed to the NRP. Notice of the appeal and, where possible copies of the appeal shall be sent by the NRP to all parties.

(c) Any party to the proceeding may respond to the appeal or comment in support of or in opposition to the appeal. The submitting party shall mail its response to the NRP within 10 days after the date of mailing of the notification that an appeal has been filed.

§ 56.72 Request for NRP to accept certification.

(a) The State WIN appellate body, or, in the absence of a State WIN appellate body, the hearing officer may file a request that the NRP accept certification of a case.

(b) The request must contain the following:

(1) A concise statement of the novel question of law or policy which is the basis for the request to accept certification;

(2) A brief summary of the relevant facts and evidence;

(3) Pertinent rulings, conclusions, and decisions by the hearing officer or the WIN appellate body, as the case may be; and

(4) All reasons and arguments in support of the request, including citation of applicable laws and case decision. A copy of any written decisions by the hearing officer or WIN appellate body must be attached to the request.

(c) A request for the NRP to accept certification shall be filed as follows:

(1) By the State WIN appellate body within 5 days following issuance of its written decision.

(2) In the absence of a State WIN appellate body, by the hearing officer within 5 days after issuance of his written decision;

(d) The party filing a request to the NRP to accept certification of a case shall file the request with the NRP, U.S. Department of Labor, Washington, D.C. 20036 and simultaneously mail copies to every other party, including the State agency administering hearings.

(e) Any party who wishes to respond to the request or to comment thereon may file a response with the NRP in support of or in opposition to the request within 10 days following the date of mailing of a request that the NRP accept certification. A copy of the response shall be mailed to all parties to the proceeding, including the State agency administering hearings.

§ 56.73 Requests by NRP for certification.

(a) Requests by NRP for certification of a case to it shall be made in writing no later than 30 days after receipt by the NRP of a written decision by the State WIN appellate body or the hearing officer. Copies of the request shall be mailed to all parties.

(b) In all cases, any party may file briefs in support of its position. The NRP may request briefs from the parties.

(c) Briefs shall be filed within 30 days from the date of mailing of the request that a case be certified. In cases where the NRP requests briefs, a different time limit may be set.

§ 56.74 Certification of the record.

Upon receipt of written notice from the NRP that an appeal has been filed, that it has accepted certification of a case, or that it has requested certification of a case, the State WIN appellate body or the hearing officer, whichever is applicable, within 30 days of mailing of the notification, shall certify and file with the NRP the record of the hearing including the transcript of the hearing; a copy of the hearing officer's decision; where appropriate, a copy of the decision of the State appellate body; and, any other papers and documents relevant to the proceedings. The State WIN appellate body or hearing officer, whichever is appropriate, shall prepare and include an index of the documents transmitted and shall mail a copy of such index to every party.

§ 56.75 Consideration by and decisions of the NRP.

(a) In considering appeals before it, the NRP may sit in panels of three members. The DOL Chief Administrative Law Judge may designate any Administrative Law Judge employed by DOL to submit his findings and recommendation to the NRP or any duly designated review or hear a particular case and to panel thereof.

(b) In considering appeals before it, the NRP, a duly designated panel thereof, or the designated Administrative Law Judge may request the parties to submit additional written statements of position, hear oral arguments or hold additional hearings where necessary.

(c) (1) Any party may make application in writing for a hearing or oral presentation. Such application shall set forth the reasons in support thereof and be made within 10 days after:

(i) Mailing of notification of the filing of an appeal from the decision of a hearing officer where the State does not provide for an appellate body; or

(ii) Mailing of notification that the NRP at its discretion has accepted an appeal from the decision of a State WIN appellate body; or

(iii) Mailing of notification that the NRP has accepted certification of a case whether at its request or upon the application of a State WIN appellate body or hearing officer.

(2) If a hearing or oral argument is directed, the notice shall state the date, time, place, nature, and purpose of the hearing or oral argument. Such notice shall be mailed to all parties.

(3) At any hearing or oral argument so ordered, the NRP, or the designated Administrative Law Judge, may require or direct any party or person to appear to testify or produce evidence. If such hearing or argument is deemed necessary, it shall be held at the location of the original hearing.

(4) Any party to the proceeding may appear personally or be represented by an attorney or agent.

(5) If a hearing is directed before an Administrative Law Judge, the findings and recommendations of the Administrative Law Judge to the panel shall be mailed to all parties. Any party may file with the NRP written exceptions and briefs in support thereof within 10 days of the mailing of the Administrative Law Judge's findings and recommendations and shall at the same time mail copies of such exceptions and briefs to all other parties. Any exceptions filed shall refer to specific findings and recommendations of the Administrative Law Judge.

(d) In all cases which are accepted for adjudication by the National Review Panel, the NRP shall send a copy of all relevant materials to the NCC Solicitor of Labor and Office of General Counsel, DHEW, to afford a 30-day period for the submittal of any response deemed appropriate or requests for oral argument.

(e) The NRP shall prepare a written decision setting forth its findings, the reasons for its conclusions, and an appropriate order. The decision shall be based on the record and any additional evidence submitted to or obtained by the NRP. The decision may consist of affirmation, reversal, remand for further development of the evidence or other appropriate action. Copies of the NRP decisions including notification that the NRP has denied a request that it review a decision of a State WIN appellate body and notification that NRP has accepted certification of a case, shall be mailed to all parties and such other persons as may be appropriate.

§ 56.76 [Reserved]

§ 56.77 Subsequent WIN registration by deregistered individuals.

(a) An individual who has been deregistered on the basis of a determination that he or she failed or refused to participate without good cause in the WIN program may again register for WIN by making an application. This can be done provided the sanction period specified in § 56.51(c) of this part has elapsed and the individual has given evidence to the WIN staff of willingness to participate in the program.

(b) An individual who has been reaccepted into the WIN program after such deregistration shall have the same rights as an individual who registers for the first time.

(c) Reacceptance into the WIN program may be denied where the termination action was the result of the individual's disruptive behavior or of criminal or other activities which presented a hazard to the staff or others.

[41 FR 47700, Oct. 29, 1976, as amended at 45 FR 27416, Apr. 22, 1980]

PART 70—EXAMINATION AND COPYING OF DEPARTMENT OF LABOR RECORDS

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AUTHORITY: (5 U.S.C. 301, 552, as amended by Pub. L. 93-502), 88 Stat. 1561; (29 U.S.C. 9(b)); Reorganization Plan No. 6 of 1950, 64 Stat. 1263 (5 U.S.C. Appendix).

SOURCE: 40 FR 7266, Feb. 19, 1975, unless otherwise noted.

Subpart A—General

INTRODUCTORY

§ 70.1 Purpose and scope of this part.

This part contains the general rules of the Department of Labor providing for public access to information from records of the Department. These regulations implement 5 U.S.C. 552, the Freedom of Information Act, as amended, and the policy of the Department of Labor to disseminate information on matters of interest to the public and to disclose to members of the public on request all information contained in records in its custody insofar as is compatible with the discharge of its responsibilities and consistent with law. This part sets forth generally the categories of records accessible to the public, the types of records subject to prohibitions or restrictions on disclosure, and the places at which and procedure whereby members of the public may obtain access to and inspect and copy information from records in the custody of the Department of Labor. Rules providing for the copying of records made available for inspection and for special services furnished in locating and copying records and fees therefor are set forth in Subpart B. Rules applying the general provisions of this part to requests for disclosure of particular types of records concerned with certain specific programs of the Department are set forth in Subpart C or in the titles and parts of the Code of Federal Regulations referred to in that subpart.

§ 70.2 Definitions.

As used in this part:

(a) The terms "agency," "person," "party," "rule," "rulemaking," "order," and "adjudication" have the meaning attributed to these terms by the definitions in 5 U.S.C. 551, except where the context demonstrates that a different meaning is intended, and except that for purposes of the Freedom of Information Act the term "agency" as defined in 5 U.S.C. 551 includes any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President) or any independent regulatory agency.

(b) Having "custody" of a Government record means having such charge of it as to be responsible for keeping it available for governmental use as required and protecting, preserving, and exercising such control over it as may be necessary for that purpose. Custody of a record is not synonymous with, and does not require, actual physical possession of the record and a record may be in the custody of an office or officer at a place other than that where the record is located.

(c) The terms "disclosure officer," "responsible officials," and "officer authorized to disclose information from Department records" refer generally to those officials in the Department of Labor to whom requests to inspect or copy record information in their custody may be addressed as provided in § 70.43 and who must pass on such requests as provided in §§ 70.46–70.49. The Solicitor of Labor, in the case of appeals as provided in §§ 70.50–70.52, and with respect to withdrawal of originals as provided in § 70.30, is the disclosure officer for such purposes, as is the Secretary of Labor when he takes action under § 70.30. As the head of the Department, the Secretary may invest any officer or employee of the Department with the authority to disclose information from particular records.

AVAILABILITY OF PUBLISHED INFORMATION

§ 70.5 Information published in the Federal Register.

(a) *General.* In accordance with the provisions of 5 U.S.C. 552(a)(1), basic information concerning the organization, operations, functions, substantive and procedural rules and regulations, officials, office locations, and allocation of responsibilities for functions and programs of the Department of Labor is published in the FEDERAL REGISTER for the guidance of the public. Among other things, such published information describes the central and field organization of the Department and its component units, identifies the persons in charge of its various programs and offices to whom submittals or requests may be made and from whom decisions may be obtained and the places at which they are stationed, outlines generally the course and method by which the various functions of the Department are channeled and determined, and makes plain the nature and requirements of available formal and informal procedures for official action. Indexes to the FEDERAL REGISTER are published in each daily issue and compiled currently on a monthly, quarterly, and annual basis. Copies of the FEDERAL REGISTER and its indexes are available in many libraries, may be examined in reference facilities and offices of the Department of Labor in which reference copies are maintained, and may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. No formal request to examine documents published in the FEDERAL REGISTER is necessary to inspect them at the place where they are kept. Much of the information published in the FEDERAL REGISTER is available in compiled form as stated in paragraphs (b) and (c) of this section.

(b) *United States Government Manual.* The United States Government Manual, published annually as a special edition of the FEDERAL REGISTER provides a compact source of information concerning the general and field organization of the Department of Labor, location of Department offices, division of functions among various component units of the Department, and the names and addresses of major officers and those in charge of particular programs or offices. Copies of the Manual may be examined without formal request in any office of the Department of Labor and are available for purchase from the Superintendent of Documents.

(c) *Code of Federal Regulations.* Titles 20, 29, and 41 of the Code of Federal Regulations, which are revised annually, contain a compilation of documents published by the Department of Labor in the FEDERAL REGISTER which set forth substantive and procedural rules and regulations of the Department and statements of general policy or interpretations of general applicability formulated and adopted by the Department. The published rules include descriptions of forms available or the places at which forms and instructions for their use may be obtained, and provide guidance as to the scope and contents of any required papers, reports or examinations. Copies of the pertinent titles of the Code of Federal Regulations are available in many libraries and may be purchased from the Superintendent of Documents. Reference copies maintained in offices of the Department of Labor are available for examination without formal request.

[40 FR 7266, Feb. 19, 1975, as amended at 50 FR 28306, July 11, 1985]

§ 70.6 Information in Department of Labor publications.

Copies of informational material, such as press releases, pamphlets, and other material ordinarily made available to the public without cost as part of a public information program, including reprints of individual parts of the Code of Federal Regulations relating to programs affecting substantial segments of the general public, shall be available upon oral or written request so long as an adequate supply exists. Copies of informational publications of the Department which may be purchased from the Superintendent of Documents may be inspected in those offices of the Department in which reference copies are available. Compliance with the formal procedures provided in this part for obtaining access to Department records is not necessary for access to the foregoing materials.

§ 70.7 Published indexes.

The informational publications available from the Department may include indexes to materials published or contained in its records. Pursuant to the provisions of 5 U.S.C. 552(a)(2) as amended, they will in any event include the current indexes required by the Freedom of Information Act to be maintained and made available for inspecting and copying, except as otherwise provided by published order, as noted below. These indexes provide identifying information for the public as to any matter in the following categories issued, adopted, or promulgated after July 4, 1967: Final opinions and orders made in the adjudication of cases (including concurring and dissenting opinions if any); statements of policy and interpretations adopted but not published in the FEDERAL REGISTER; and administrative staff manuals and instructions to staff that affect a member of the public. As promptly as possible after adoption of this part, such indexes will be made available in published form and offered for sale or otherwise distributed to make them readily available to members of the public. Thereafter, updated indexes or supplements shall be published not less frequently than quarterly to keep the indexes current. In the event that publication of any such index is determined to be unnecessary and impracticable, the order of the agency head so determining shall be published in the FEDERAL REGISTER. Where current indexes of the required matter in the foregoing categories are published commercially and made readily available for public use by the agency no separate publication by the Department will be necessary.

INFORMATION AVAILABLE ON REQUEST

§ 70.11 Policy of disclosure.

(a) *Records made available pursuant to Freedom of Information Act.* Upon the request of any person submitted in accordance with provisions of this part for access to records reasonably described by the requester which are records of the Department of Labor or any of its constituent agencies in the custody of any official of the Department, such records shall be made available as provided in this part for inspection and copying unless specifically exempt from disclosure under the provisions of 5 U.S.C. 552, subsection (b) thereof, and §§ 70.21 through 70.28.

(b) *Records made available notwithstanding exemption from requirements of Freedom of Information Act.* Except in the case of records of which disclosure is prohibited, as described in § 70.21, each officer of the Department authorized to disclose information from Department records under the provisions of this part shall make available for inspection and copying pursuant to the applicable procedures any document from the records in his custody if he determines that, notwithstanding the applicability or possible applicability of an exemption from disclosure, the requested inspection or copying furthers the public interest and does not impede the discharge of any of the functions of the Labor Department. (See § 70.22(b).)

(c) *Implementation of disclosure policy.* To provide for a maximum of availability of Department records under the foregoing policy, the provisions of § 70.29 of this part will be applied where appropriate. Rules to effectuate the application of this policy of disclosure to specific types of information from Department records are set forth in §§ 70.12 through 70.15.

§ 70.12 Records of administrative proceedings.

(a) *Rulemaking proceedings.* All papers and documents made a part of the official record in administrative proceedings conducted by the Department of Labor in connection with the issuance, amendment, or revocation of rules and regulations or determinations having general applicability or legal effect with respect to members of the public or a class thereof shall be made available for public inspection and copying at reasonable times during business hours by the officer responsible for their custody at the place where such records are kept. Arrangements for such inspection may be made in response to oral requests, but a register shall be kept identifying the persons who inspect the records and the times at which they do so. Official records of other rulemaking proceedings shall be made available in accordance with the policies set forth in § 70.11 and the special regulations contained or cited in Subpart C.

(b) *Adjudication proceedings.* All final opinions, including concurring and dissenting opinions, as well as orders, made in the administrative adjudication of cases, shall be made available for inspection and copying upon request pursuant to the provisions in this part. Except where an exemption provided by 5 U.S.C. 552 must be asserted in the public interest to prevent a clearly unwarranted invasion of personal privacy or violation of law or to ensure the proper discharge of functions of the Department of Labor, all papers and documents made a part of the official record in adjudication proceedings conducted by the Department shall be made available for public inspection and copying on request as provided in this part or in specific regulations pertinent to such adjudications as referred to in Subpart C.

§ 70.13 Evaluation reports on external programs.

Except in the case of records of which disclosure is prohibited, as described in § 70.21, each officer of the Department authorized to disclose information from Department records under the provisions of this part shall make available for inspection and copying promptly after receipt thereof, any document or part thereof containing a final evaluation by an independent contractor of any external program or activity carried out by the Department of Labor, upon written request submitted as provided in this part.

§ 70.14 Policy statements and interpretations.

Statements of policy and interpretations affecting a member of the public which have been adopted by the Department of Labor or a constituent agency thereof in connection with the administration of any program of the Department and which have not been published in the FEDERAL REGISTER shall be made available for public inspection and copying in accordance with the policy set forth in § 70.11 and the provisions and procedures in this part. The policies and interpretations made available pursuant to this section shall include any policy or interpretation concerning a particular fact situation, if that policy or interpretation can reasonably be expected to have precedential value in any case involving a member of the public in a similar situation. If the statement of policy or interpretation sought is contained in an available publication of the Department of Labor or has been placed in the public domain by release to private publishers of Government information services, it will be made available for examination in the form in which it was published or released without any formal request, at any office of the Department in which a copy or copies are kept.

§ 70.15 Staff manuals and instructions.

Any administrative staff manual or instruction to staff issued by the Department of Labor or a constituent agency thereof in connection with the administration of any program of the Department, containing matter (such as statutory interpretations) affecting a member of the public shall be made available for public inspection and copying in accordance with the policy set forth in § 70.11 and the provisions and procedures in this part. These are the manuals and instructions to staff or portions thereof which delineate the basis for administrative action affecting members of the public, and are to be distinguished from manuals, portions thereof, or instructions provided for the guidance of Government personnel engaged in such law enforcement activities as investigating, inspecting, or auditing to determine whether violations of law exist, or prosecuting law violations in courts or administrative tribunals. The criteria or guidelines for staff engaged in such procedures, with respect to such matters as the selection, handling, defense, prosecution, or settlement of cases, operational tactics, allowable tolerances, investigation or litigation techniques and strategy, are traditionally and necessarily of a confidential nature, as is recognized in the legislative history of the Freedom of Information Act, and are subject to protection under the provisions of 5 U.S.C. 552(b), which restrict the disclosure requirements by the exemptions explained in the following sections of this part. Any special provisions for access to administrative staff manuals and instructions applicable to specific programs may be ascertained by reference to Subpart C.

§ 70.16 Indexes to certain records.

(a) Current indexes identifying final opinions and orders in adjudicated cases (see § 70.12(b)), statements of policy and interpretations adopted by the agency but not published in the FEDERAL REGISTER (see § 70.14), and administrative staff manuals and instructions (see § 70.15), which have been issued, adopted, or promulgated after July 4, 1967, are normally available to the public in published form as provided in § 70.7. Such indexes, whether or not published, are made available for inspection and copying on request. If published copies of a particular index are at any time not available or if publication of such index has been determined to be unnecessary and impracticable by order published in the FEDERAL REGISTER, copies thereof will be furnished on request upon payment of the direct cost of duplication as provided in § 70.62(d).

(b) To effectuate the provisions of 5 U.S.C. 552(a)(2), § 70.7 of this part and paragraph (a) of this section, each officer identified in § 70.35 and § 70.36 shall maintain, make available for public inspection and copying, and provide for the required publication of current indexes of all materials in his custody which are subject to the indexing and publication requirements of 5 U.S.C. 552(a)(2). Each such officer shall forward a copy of each page of his index, including information as to pages which have become obsolete, to the Office of Information, Publications, and Reports in the Main Labor Building, 200 Constitution Avenue NW., Washington, D.C. 20210, which shall provide a central repository for, and make available for public inspection, all such indexes and supplements thereto compiled by such officers, and shall provide for distribution of the published indexes and supplements.

RESTRICTIONS ON DISCLOSURE

§ 70.21 Records not disclosable.

(a) Pursuant to the provisions of 18 U.S.C. 1905, every officer and employee of the Department of Labor is prohibited from publishing, divulging, disclosing, or making known in any manner or to any extent not authorized by law any information coming to him in the course of his employment or official duties or by reason of any examination or investigation made by, or return, report or record made to or filed with the Department or any agency or officer or employee thereof, which information concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or to the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or association. No officer or employee of the Department of Labor shall disclose records in violation of this provision of law.

(b) No records of the Department of Labor with respect to matters specifically required by statute to be kept secret shall be made available for inspection or copying under the provisions of this part. By virtue of the exclusionary language in 5 U.S.C.

552(b)(3) the disclosure requirements of the Freedom of Information Act do not apply to or authorize the disclosure of records with respect to any matters specifically exempted from disclosure by statute.

(c) No records of the Department of Labor with respect to matters specifically authorized under criteria established by Executive order to be kept secret in the interest of the national defense or foreign policy and properly classified pursuant to such order shall be made available for inspection or copying under the provisions of this part. Records concerning such matters are expressly excluded from the application of the disclosure requirements of the Freedom of Information Act by the provisions of 5 U.S.C. 552(b)(1).

§ 70.22 Records disclosure of which may be refused.

(a) *Records exempt from statutory disclosure requirements.* The Freedom of Information Act, as codified in 5 U.S.C. 552, lists nine categories of records (in 5 U.S.C. 552(b)) to which the disclosure requirements of the statute do not apply. The first and third of these relate to the records described in § 70.21 which are not disclosable because protected from disclosure by the express provisions of a statute or a secret classification authorized by Executive order in the interest of national defense or foreign policy. The other seven categories of records excluded from the statutory disclosure requirements are set forth in §§ 70.23 through 70.28, inclusive. Information from records in these seven categories may, however, be made available for inspection and copying as provided in paragraph (b) of this section.

(b) *Disclosure of protected records; conditions precedent.* Although the Department of Labor is not required by the Freedom of Information Act to make available for inspection or copying any materials or documents included in its records which are within the categories described in 5 U.S.C. 552(b) (2), (4), (5), (6), (7), (8), or (9) (see §§ 70.23–70.28), under the Department's disclosure policy set forth in § 70.11 particular records requested which come within these categories, or portions thereof, shall nevertheless be made available to the extent, but only to the extent, that the appropriate officer authorized to disclose information from Department records determines that the disclosure will further the public interest and will not impede the discharge of any of the functions of the Department of Labor. Such a determination shall be made with due regard not only to the public interest in accessibility to the people of information regarding operations of their Government but also to the public interest in protecting citizens from impairment of their rights to privacy or from harassment, injury, or the dissemination of information concerning them which is privileged or has been submitted by them to the Government on a confidential basis. In determining whether access to such records will be permitted, due consideration shall also be given to the public interest in preventing disclosure of information which would handicap, obstruct, or jeopardize effective performance of the Department's functions under statutes or Executive orders, including its duties with respect to law enforcement.

§ 70.23 Internal rules and practices.

(a) Pursuant to exemption (2) set forth in 5 U.S.C. 552(b), and as provided in § 70.22, the disclosure from Department of Labor records of matters that are related solely to the internal personnel rules and internal practices of the Department may be refused. The records protected by this exemption include memoranda pertaining to personnel matters such as staffing policies and policies and procedures for the hiring, training, promotion, demotion, and discharge of employees. Also included are records concerning operating rules, practices, guidelines, and procedures for departmental investigators, inspectors, compliance officers, examiners, and attorneys, the release of which would substantially impair the effective performance of their duties.

(b) The purposes of exemption (2) include the protection from public disclosure of any record that is designed only for the guidance of Department personnel, including internal rules and practices that cannot be disclosed to the public without substantial prejudice to the effective performance of a significant Department function. A negotiator cannot bargain effectively if his instructions and limitations are known to the person with whom he is negotiating. Similarly, the effectiveness of an authorized but unannounced inspection or audit would be destroyed if the circumstances under which that inspection or audit is to be held become public knowledge.

(c) Although access to particular records concerning matters within the purview of exemption (2) may be permitted as provided in § 70.22 if the officer authorized to disclose records determines that the disclosure would serve the public interest and not impede the discharge of any function of the Department, such a determination ordinarily cannot be made in the case of internal rules and instructions relating to investigations and enforcement activities concerned with questions of compliance with or violations of provisions of law.

§ 70.24 Trade secrets and privileged or confidential information

(a) Pursuant to exemption (4) set forth in 5 U.S.C. 552(b), and as provided in § 70.22, the disclosure from Department of Labor records of matters that are trade secrets, and of commercial and financial information obtained from a person and privileged or confidential, may be refused. Legal requirements of secrecy and prohibitions of disclosure may apply to such records as set forth in § 70.21. Disclosure shall be refused where these mandatory restrictions apply to the records sought. Even where denial of access is not required by these restrictions, access to records exempted from the disclosure requirements by exemption (4) cannot be granted under the policy expressed in §§ 70.11 and 70.22 unless the disclosure officer, in balancing the right of the public to know how the Government operates against the need of the Government to keep information in confidence and the right of the person from whom it was obtained to have privileges and confidences respected, is able to determine that disclosure will serve the public interest and not impede the discharge of any function of the Department of Labor.

(b) The intent of the exemption set forth in paragraph (a) of this section to protect privileged or confidential information is, according to the committee reports in both Houses of Congress, not restricted to the trade secrets and commercial or financial information specifically mentioned in the statute. Information the disclosure of which may be refused pursuant to this exemption is, according to the legislative history, intended to include information customarily subject to a doctor-patient, lawyer-client, or other such privilege.

(c) Information "obtained from any person" would include information obtained from a person inside as well as outside the Government. The applicability of this exemption does not depend on whether the record contains information obtained from the public at large, from a particular person, from within the Department, or from another agency. While information which is confidential in the hands of one agency retains its protected character in the hands of agencies to which it is subsequently furnished, the exemption does not sanction the rendering of documents confidential by the expedient of transferring them among agencies.

(d) Except as otherwise provided in this part (e.g., § 70.13), disclosure in certain circumstances may be refused of material such as formulae, designs, drawings, research data, and the like, which are significant not as records but as items of valuable property. These may have been developed by or for the Government for its use and at its expense. Nothing in the legislative history suggests that the Freedom of Information Act was intended to give away such valuable property to any person willing to pay the price of making a copy. Where similar property in private hands would be held in confidence, the public interest would appear to require that such property in the hands of an agency should be protected under exemption (4).

(e) This exemption is further intended to extend protection to other information in Government records which has been furnished and accepted in confidence and which would not customarily be released to the public by the person from whom the Government obtained it. See, for example, the House Report (H. Rept. 1497, 89th Cong., 2d Sess.) and the President's signing statement. Accordingly, the exemption assures the confidentiality of information thus obtained by the Department of Labor through questionnaires and required reports to the extent that the information would not customarily be made public by the person from whom it was obtained. Nothing in the Freedom of Information Act necessitates a disregard of the right of individuals or groups to rely in good faith on an understanding of confidentiality for which a Government agency has reasonably afforded a basis. Maintenance of citizens' respect for governmental fairness requires that such understandings be given due consideration. At the same time, Department representatives should be alert to discourage the development of such understandings where not clearly warranted by departmental responsibilities.

(f) Pursuant to exemption (8) set forth in 5 U.S.C. 552(b), and as provided in § 70.22, the disclosure from Department of Labor records of any matter contained in, or related to, examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions, may be refused. Exemption (8) emphasizes the application to financial institutions of the protection from disclosure afforded by the exemption set forth in paragraph (a) of this section, and makes plain the intent to protect information relating to such institutions which may be prepared for or used by any agency responsible for the regulation or supervision of such institutions. Access to any such information in records of the Labor Department will be refused where disclosure is not legally permitted or where a determination to disclose is inappropriate for reasons discussed in paragraph (a) of this section. In cases where another agency is concerned with information protected by exemption (8) in 5 U.S.C. 552(b) which is sought from records of the Department, the provisions of § 70.31 are also applicable.

§ 70.25 Inter-agency and intra-agency memoranda and letters.

(a) Pursuant to exemption (5) set forth in 5 U.S.C. 552(b), and as provided in § 70.22, the disclosure from Department of Labor records of matters in inter-agency or intra-agency memoranda or letters which would not be available by law to a party other than the agency in litigation with the agency may be refused. The exemption is intended essentially to protect the full and frank exchange in writing of ideas, views, and opinions necessary for the effective functioning of the Government and the making of informed decisions by its officers.

(b) The protection from disclosure afforded by exemption (5) to the internal records of the Government described in paragraph (a) of this section is limited to those communications which, in litigation with a Government agency, would not be routinely available by law to another party to the proceeding. The legislative history and decisions of the courts make it clear that this provision is intended to insure that memoranda or letters not protected from disclosure by some other exemption would be available to the general public for inspection and copying if they "would routinely be disclosed" to such a party "through the discovery process" in such litigation. (See H. Rept. 1497, 89th Cong., 2d Sess.) The internal memoranda and letters protected from disclosure by exemption (5) are accordingly those which would not be released as a matter of course in litigation where discovery is sought by a party other than the agency under the Federal Rules of Civil Procedure. Since the granting of discovery of internal documents is typically a very extraordinary step, not normally a "routine" one, it is only in a limited category of situations that such documents would be routinely available by law to another party in litigation with the agency.

(c) Examples of the type of record information protected from disclosure by the exemption set forth in paragraph (a) of this section include opinions, advice, deliberations, or recommendations made in the course of developing official action by the Department of Labor or any of its component units, and other internal communications which would not be routinely available through the discovery process to a party in litigation with the Government.

(d) In the case of inter-agency memoranda and letters protected by this exemption, the officer authorized to disclose records shall not make a determination to allow access to such matters under the policy set forth in §§ 70.11 and 70.22 if to do so would conflict with the provisions of § 70.31.

§ 70.26 Personnel, medical, and similar files.

(a) Pursuant to exemption (6) set forth in 5 U.S.C. 552(b), and as provided in § 70.22, the disclosure from Department of Labor records of matters in "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" may be refused. In view of the congressional concern expressed in the legislative history regarding the protection of individuals' privacy, each disclosure officer of the Department shall apply the disclosure policy set forth in §§ 70.11 and 70.22 with due regard to the apparent intent of the statutory language to characterize the invasion of personal privacy typically involved in disclosure of personnel and medical files as "clearly unwarranted." "Similar files" for which protection is provided under this exemption appear to refer to any files the disclosure of which would invade personal privacy to such a degree that the disclosure would be as "clearly unwarranted" as the disclosure of personnel or medical files.

(b) Among the records in Department files protected from disclosure by the exemption set forth in paragraph (a) of this section are (1) personnel and background records personal to any officer or employee of the Department, including his home address and telephone number; (2) medical histories and medical records concerning individuals; (3) any other detailed record containing personal information identifiable with a particular individual where it appears that such person's right to have such information protected from public dissemination is clear; and (4) private or personal information in other files which, if disclosed to the public, would amount to a clearly unwarranted invasion of the privacy of any person, including members of the family of the person to whom the information pertains. The disclosure of information about a person to that same person is not, of course, an invasion of such person's privacy.

(c) Related regulations implementing this part and the application of this exemption to personal and medical information in the files of the Employment Standards Administration relating to claims of injured employees for workmen's compensation benefits are referred to in Subpart C.

§ 70.27 Investigatory records compiled for law enforcement purposes.

(a) *Restrictions on public access authorized.* Pursuant to the provisions of exemption (7) set forth in 5 U.S.C. 552(b), as amended by Pub. L. 93-502, 88 Stat. 1563, effective February 19, 1975, the disclosure from Department of Labor records of matters that are "investigatory records compiled for law enforcement purposes" and to which access by the public would be detrimental to such purposes or to rights of privacy as specified in the statute, may be refused. Access to such records may be refused for any one or more of several specific reasons. Thus, exemption (7) protects from the public access requirements of the Freedom of Information Act investigatory records compiled for law enforcement purposes whenever their disclosure to any person requesting them would:

(1) Interfere with enforcement proceedings; and/or

(2) Deprive a person of a right to a fair trial or an impartial adjudication; and/or

(3) Constitute an unwarranted invasion of personal privacy; and/or

(4) Disclose (i) the identity of a confidential source and (ii), in the case of a record compiled by a criminal law

enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, confidential information furnished only by the confidential source; and/or

(5) Disclose investigative techniques and procedures; and/or

(6) Endanger the life or physical safety of law enforcement personnel.

Where one or more of the foregoing consequences would ensue from the disclosure of particular records to any person requesting access to investigatory records compiled for law enforcement purposes, no determination to grant access to such records may be made by the disclosure officer under the disclosure policy set forth in §§ 70.11 and 70.22 in the ordinary case because in such circumstances it would not ordinarily be possible to determine that disclosure would serve the public interest and would not impede any of the functions of the Labor Department.

(b) *"Law enforcement purposes."* The exemption set forth in paragraph (a) of this section expresses the public interest in preventing disclosure detrimental to the enforcement, whether civil or criminal in nature, of applicable laws and in assuring, to this end, that such enforcement will not be jeopardized by disclosing information which would be harmful to citizens who aid the Government in law enforcement investigations and prosecutions, would endanger the persons or handicap the essential enforcement activities of investigators and prosecutors, would violate the rights of persons who may be charged with violations, or would otherwise interfere with investigations and other proceedings to enforce the laws. "Law enforcement" as used in the statute, according to the legislative history, is used in the broadest sense to include the enforcement not only of criminal statutes, but of all laws establishing rules of conduct, whether by statute or by Executive order or by a duly promulgated regulation having the force and effect of law. Moreover, "enforcement" is not limited to enforcement by adversary proceedings, and includes other types of Government law enforcement activities as well; the work of a policeman or a compliance officer is law enforcement even if he does not participate in adversary proceedings. On the other hand, "enforcement" does not include all activities conducted in order to carry out the laws, but only those intended to counteract past, present, or future violations.

(c) *"Investigatory" records.* The protection afforded investigatory records under the exemption set forth in paragraph (a) of this section also extends, according to the legislative history, to those files related to the investigation which are prepared in connection with related Government litigation and adjudicative proceedings. One of the purposes of the exemption is to preserve the position of the Government in litigation or potential litigation, in accordance with the rules governing discovery in cases before courts and administrative agencies. It ensures that the litigant is not given any earlier or greater access to investigatory material than he would have directly in litigation or other enforcement proceedings.

(d) *Records "compiled" for law enforcement purposes.* Whenever the disclosure of investigatory records requested by any person would have any of the consequences specified in the exemption set forth in paragraph (a) of this section, access to such records may be refused if the records have been "compiled" for law enforcement purposes, irrespective of the nature of the action, if any, to carry out such purposes which may have been contemplated at the time of their compilation or may have been taken thereafter as a result of the compilation. Investigatory records shown to have been compiled for law enforcement purposes retain their status as such and continue to be protected from disclosure in the specified circumstances as provided in this exemption whether or not enforcement proceedings are contemplated at the time of investigation or are instituted thereafter or, if brought, have been completed before the request is made for the records. None of these factors negate the need, in the public interest and in the interest of persons who have been the subject of or who have furnished information to help the law enforcement activities of the Government, for continued protection against a prejudicial disclosure from such records of information which may still constitute an unwarranted invasion of personal privacy or may reveal the identity of a confidential source. The subject of an investigation which has been closed because charges of law violation could not be substantiated is entitled to protection from the opprobrium which might follow public disclosure of the record of the charges without opportunity to demonstrate their falsity in an adjudicatory proceeding. An informant whose identity as the source of confidential information furnished in aid of law enforcement activities is made public by disclosure of investigative records may be made subject to retaliatory action by others and in any event may not inform without assurance that private persons will not, through access to the agency's records, be able to identity the informant as the source of the information furnished. Even years after enforcement proceedings are concluded, the public interest may require protection of investigatory records which would identify a confidential source or would reasonably lead to such a disclosure. Any disclosure of such records would soon become a matter of common knowledge and few individuals, if any, would come forth to embroil themselves in controversy or possible recrimination by notifying the Government of something which might justify investigation. Even more important in view of the increasing concern today over the conflict between a citizen's right of privacy and the need of the Government to investigate, it is unthinkable that rights of privacy, whether of subjects or confidential sources, should be jeopardized. In addition, the disclosure of investigatory records may reveal investigative techniques and procedures or endanger the life or physical safety of law enforcement personnel. In either case, the ability of the Government to carry out its law enforcement functions effectively would be seriously impaired.

§ 70.28 Well information.

Pursuant to exemption (9) set forth in 5 U.S.C. 552(b), and as provided in § 70.22, the disclosure from Department of Labor records of matters consisting of geological and geophysical information and data, including maps, concerning wells, may be refused. This exemption supplements the exemption set forth in § 70.23 by removing any doubt that disclosure of this specific type of information is protected under the Act.

§ 70.29 Partial disclosure.

(a) *Deletions to protect personal privacy.* To the extent required to prevent a clearly unwarranted invasion of personal privacy, the officer authorized to disclose information from a record may delete identifying details when he makes available or publishes an opinion, statement of policy, interpretation, or staff manual or instruction, provided that in every case the justification for the deletion is fully explained in writing.

(b) *Records containing both disclosable and nondisclosable information.* If a requested record or document contains some materials which are protected from disclosure and other materials which are not so protected, identifying details or protected matters shall be deleted whenever analysis indicates that such deletions are feasible. Any reasonably segregable portion of a record or document shall be provided after deletion of protected matter.

(c) *Deletions to protect identity of requester.* Where the identity of an applicant, or other identifying details related to a request, would constitute an unwarranted invasion of personal privacy if made generally available, as in the case of a request to examine one's own medical files, identifying details shall be deleted from copies of the request and written responses to it that are made available to requesting members of the public.

§ 70.30 Withdrawal of originals.

No document or record in the custody of the Department of Labor, or of any agency or officer thereof, shall on any occasion be taken or withdrawn by any agent, attorney, or any other person not officially connected with the Department; no exception will be

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made without the written consent of the Secretary or the Solicitor of Labor.

§ 70.31 Record of concern to more than one agency.

If the release of a record in custody of the Department of Labor would be of concern not only to the Department but also to another Federal agency, the record will be made available by the Department only if its interest in the record is the primary interest and only after coordination with the other interested agency. If the interest of the Department in the record is not primary, the request will be transferred promptly to the agency having the primary interest, and the applicant will be so notified. The release of information received from another agency and the release to another agency of information collected from persons outside the Government shall be subject to the conditions and restrictions imposed by 44 U.S.C. 3508.

FACILITIES FOR DISCLOSURE

§ 70.35 Where information may be obtained.

(a) Any person desiring to examine or copy records of the Department of Labor known to be situated in any office of the Department and providing information adequate to permit identification of the records sought may obtain from the head of such office information as to the availability of the derived records. Such person will be advised whether such records are available for examination under the provisions of this part and any applicable supplemental regulations (see Subpart C) without the submission of a formal request or whether such a request must be submitted for consideration by an officer responsible for custody of the records under the procedures set forth in §§ 70.42–70.52. If such a request must be submitted, information as to the name, title, and address of the officer to whom it should be addressed will also be furnished. The officers to whom such requests should be addressed are identified in general terms in § 70.43. Such officers may provide access to records at the place where they are kept or, where appropriate, at another location.

(b) If the person desiring access to particular records is in doubt as to the place where they are kept or the agency of the Department listed in paragraph (e) of this section which is responsible for their custody, the necessary information may be obtained by addressing an inquiry, identifying as specifically as possible the records sought, to the Assistant Secretary for Administration and Management, U.S. Department of Labor, 200 Constitution Avenue NW., Washington, D.C. 20210.

(c) Indexes, normally in published form, are available to members of the public to assist them in locating records of certain types, as provided in §§ 70.7 and 70.16.

(d) Public reference facilities for examination and copying of certain Department records are maintained in some offices. Their locations and the types of records available for examination therein may be ascertained by addressing an inquiry to the chief officer of the agency of the Department listed in paragraph (e) of this section which has custody of records of the types sought to be examined, or by communicating with the nearest officer of such agency who is authorized to act on requests for its records. If the agency of the Department responsible for custody of the records is not known, the Assistant Secretary for Administration and Management will provide the necessary information on request.

(e) Offices in Washington D.C., are maintained by the following component agencies of the Department of Labor, Field offices are maintained by some of these, as listed in the United States Government Manual (see § 70.5(b)).

(1) Office of the Secretary of Labor.

(2) Office of the Solicitor of Labor.

(3) Office of the Assistant Secretary for Administration and Management.

(4) Office of Information and Public Affairs.

(5) Office of the Inspector General.

(6) Bureau of International Affairs.

(7) Bureau of Labor Management Relations and Cooperative Programs.

(8) Bureau of Labor Statistics.

(9) Employment Standards Administration.

(10) Employment and Training Administration.

(11) Mine Safety and Health Administration.

(12) Occupational Safety and Health Administration.

(13) Office of Labor Management Standards.

(14) Office of Pension and Welfare Benefit Programs.

(15) Office of Assistant Secretary for Veterans' Employment and Training.

(16) Employees' Compensation Appeals Board.

(17) Wage Appeals Board.

(18) Benefits Review Board.

(19) Board of Contract Appeals.

(20) Office of Administrative Law Judges.

The heads of the foregoing agencies shall make available for inspection and copying in accordance with the provisions of the part, records in their custody or in the custody of component units within their organizations, either directly or through their authorized representative in particular offices and locations.

[40 FR 7266, Feb. 19, 1975, as amended at 50 FR 28306, July 11, 1985]

§ 70.36 Titles and addresses of the responsible officials of various agencies.

(a)(1) The titles of the responsible officials of the various independent agencies in the Department of Labor are listed below. Unless otherwise specified, the mailing addresses of the officials shall be:

U.S. Department of Labor, 200 Constitution Avenue, NW., Washington, D.C. 20210

Secretary of Labor, *Attention:* Assistant Secretary for Administration and Management (OASAM)

Deputy Solicitor, Office of the Solicitor

Assistant Secretary for Administration and Management (OASAM)

Deputy Assistant Secretary for Administration and Management (OASAM)

Director, Office of Personnel Management Services, National Capital Service Center (OASAM)

Director, Office of Procurement Services, National Capital Service Center (OASAM)

Deputy Director, National Capital Service Center (OASAM)

Director, Women's Bureau

Chairperson, Employee Compensation Appeals Board

Deputy Assistant Secretary for Policy

Director, Office of Information and Public Affairs

Director, Information, Privacy and Management Information Systems, Office of the Inspector General

Associate Deputy Under Secretary for International Affairs

Deputy Under Secretary for Labor-Management Relations and Cooperative Programs

Commissioner, Bureau of Labor Statistics

Deputy Under Secretary for Employment Standards

Director, Office of Workers' Compensation Programs, Employment Standards Administration (ESA)

Associate Director for Federal Employees' Compensation, ESA

Associate Director for Longshore and Harbor Workers' Compensation, ESA

Associate Director for Coal Mine Workers' Compensation, ESA

Administrator, Wage and Hour Division, ESA

Director, Office of Federal Contract Compliance Programs, ESA

Director, Office of Management, Administration and Planning, ESA

Director, Division of Personnel and Organization Management, ESA

Director, Office of State Liaison and Legislative Analysis, ESA

Director, Office of Information and Consumer Affairs, ESA

ESA Equal Employment Opportunity Coordinator, ESA

Director, Office of Equal Employment Opportunity, Occupational Safety and Health Administration (OSHA)

Director, Office of Management Accountability and Performance, OSHA

Director, Office of Information and Consumer Affairs, OSHA

Director, Directorate of Federal-State Operations, OSHA

Director, Office of Training and Education, OSHA

Director, Directorate of Policy, OSHA

Director, Directorate of Administrative Programs, OSHA

Director, Office of Personnel Management, OSHA

Director, Office of Administrative Services, OSHA

Director, Office of Management Data Systems, OSHA

Director, Office of Management Systems and Organization, OSHA

Director, Office of Program Budgeting, Planning and Financial Management, OSHA

Director, Directorate of Field Operations, OSHA

Director, Directorate of Technical Support, OSHA
Director, Directorate of Safety Standards Programs, OSHA
Director, Directorate of Health Standards Programs, OSHA
Deputy Assistant Secretary for Labor Management Standards
Assistant Administrator for Program Services, Office of Pension and Welfare Benefit Programs
Director, Office of Veterans' Reemployment Rights
Deputy Assistant Secretary for Veterans' Employment and Training

The mailing address for the responsible officials for the Employment and Training Administration is:

Patrick Henry Building, 601 D Street, NW., Washington, D.C. 20213

Administrator, Office of Financial Control and Management Systems, Room 5000
Director, Office of Acquisition and Assistance, Room 5006 or
Chief, Planning Policy Control and Review Group, Room 5006
Director, Office of Personnel and Administrative Services, Room 5100
Director, Office of Information Resources Management, Room 5000
Administrator, Office of Program and Fiscal Integrity, Room 8400
Administrator, Office of Job Training Programs, Room 6100
Director, Office of Employment and Training Programs, Room 6402
Director, Office of Special Targeted Programs, Room 6122
Director, Office of Job Corps, Room 6414
Director, Bureau of Apprenticeship Training, Room 6308
Administrator, Office of Strategic Planning and Policy Development, Room 8000
Administrator, Office of Regional Management, Room 7000
Administrator, Office of Employment Security, Room 6000
Director, Unemployment Insurance Service, Room 7112
Director, U.S. Employment Service, Room 8100
Director, Office of Trade Adjustment Assistance, Room 6434

The mailing address for responsible officials in the Mine Safety and Health Administration is:

4015 Wilson Boulevard, Arlington, Virginia 22203

Deputy Assistant Secretary
Chief, Office of Congressional and Legislative Affairs
Director, Office of Information and Public Affairs
Administrator for Coal Mine Safety and Health
Chief, Office of Technical Compliance and Investigation
Administrator for Metal and Nonmetal Mine Safety and Health
Director, Office of Assessments
Director, Office of Standards, Regulations and Variances
Director of Program Planning and Evaluation
Director of Administration and Management
Director of Educational Policy and Development

The mailing address for the Office of Administrative Law Judges and the Benefits Review Board is:

1111 20th Street, NW., Washington, D.C. 20036

Chief, Office of Administrative Law Judges, Suite 701
Chair, Benefits Review Board, Suite 757

(2) The titles of the responsible officials in the field offices of the various independent agencies are listed below. Unless otherwise specified, the mailing addresses for these officials by regions, shall be:

Region I: J.F.K. Building, Government Center, Boston, Massachusetts 02203
Region II: 1515 Broadway, New York, New York 10036
Region III: 3535 Market Street, Philadelphia, Pennsylvania 19104
Region IV: 1371 Peachtree Street, NE., Atlanta, Georgia 30367
Region V: 230 South Dearborn Street, Chicago, Illinois 60604
Region VI: 555 Griffin Square Building, Griffin and Young Streets, Dallas, Texas 75202
Region VII: Federal Office Building, 911 Walnut Street, Kansas City, Missouri 64106
Region VIII: Federal Office Building, 1961 Stout Street, Denver, Colorado 80294
Region IX: Federal Building, 450 Golden Gate Avenue, San Francisco, California 94102
Region X: 909 First Avenue, Seattle, Washington 98174

Regional Administrator for Administration and Management
Regional Personnel Officer, OASAM
Regional Administrator for Information and Public Affairs
Regional Administrator for Employment Standards Administration
Assistant Regional Administrator for Wage and Hour, ESA

Assistant Regional Administrator for Federal Contract Compliance Programs, ESA
Assistant Regional Administrator for Workers' Compensation Programs, ESA
Executive Assistant to the Regional Administrator, ESA
State Liaison Advisor, ESA

Office of Workers' Compensation Programs, Deputy Commissioner

J.F.K. Building, Government Center, Boston, Massachusetts 02203
1515 Broadway, New York, New York 10036
3535 Market Street, Philadelphia, Pennsylvania 19104
Penn Traffic Building, 319 Washington Street, Johnstown, Pennsylvania 15901 (BLBA only)
South Main Towers, 116 South Main Street, Wilkes-Barre, Pennsylvania 18701 (BLBA only)
218 South Maple Avenue, Greensburg, Pennsylvania 15601 (BLBA only)
31 Hopkins Plaza, Baltimore, Maryland 21201 (LHWCA only)
200 Granby Mall, Norfolk, Virginia 23502 (LHWCA only)
P.O. Box 3696, Charleston, West Virginia 25335 (BLBA only)
666 11th Street N.W., Washington, D.C. 20211 (FECA only)
334 Main Street, Pikeville, Kentucky 41501 (BLBA only)
311 West Monroe, Jacksonville, Florida 32202 (LHWCA only)
400 West Bay Street, Jacksonville, Florida 32202 (FECA only)
230 South Dearborn Street, Chicago, Illinois 60604
1240 East 9th Street, Cleveland, Ohio 44199 (FECA only)
121 East State Street, Columbus, Ohio 43215 (BLBA only)
555 Griffin Square Building, Dallas, Texas 75202
500 Camp Street, New Orleans, Louisiana 70130
2320 LaBranch Street, Houston, Texas 77004 (LHWCA only)
601 Rosenberg Avenue, Galveston, Texas 77553 (LHWCA only)
911 Walnut Street, Kansas City, Missouri 64106 (FECA only)
1961 Stout Street, Denver, Colorado 80294 (FECA only)
P.O. Box 25346, Denver, Colorado 80225 (BLBA only)
450 Golden Gate Avenue, San Francisco, California 94102
P.O. Box 3327, Terminal Island, California 90731 (LHWCA only)
300 Ala Moana Boulevard, Honolulu, Hawaii 96813
909 1st Avenue, Seattle, Washington 98174
Regional Administrator, Employment and Training Administration (ETA)
Regional Director, Job Corps, ETA
Director, Regional Bureau of Apprenticeship and Training, ETA

District Manager for Coal Mine Safety and Health

Penn Place, Room 3128, 20 N. Pennsylvania Avenue, Wilkes-Barre, Pennsylvania 18701
4800 Forbes Avenue, Pittsburgh, Pennsylvania 15213
5012 Mountaineer Mall, Morgantown, West Virginia 26505
P.O. Box 112, Mt. Hope, West Virginia 25880
P.O. Box 560, Norton, Virginia 24273
218 High Street, Pikeville, Kentucky 41501
P.O. Box 572, Barbourville, Kentucky 40906
501 Busseron Street, Vicennes, Indiana 47591
P.O. Box 25367 OFC, Denver, Colorado 80225
P.O. Box 473, Madisonville, Kentucky 42431

District Manager for Metal and Nonmetal Mine Safety and Health

228 Federal Building, Duluth, Minnesota 55802
P.O. Box 827, Vicennes, Indiana 47591
4800 Forbes Avenue, Pittsburgh, Pennsylvania 15213
U.S. Post Office and Courthouse, P.O. Box 1894, Albany, New York 12201-1874
P.O. Box 25367 OFC, Denver, Colorado 80225
307 W. 200 South, Suite 3003, Salt Lake City, Utah 84101
1100 Commerce Street, Room 4C50, Dallas, Texas 75242
P.O. Box 1156, Rolla, Missouri 65401
228 W. Valley Avenue, Room 102, Birmingham, Alabama 35209
301 W. Cumberland Avenue, Room 223, Knoxville, Tennessee 37902
620 Central Avenue, Building 7 AFC, Alameda, California 94501-3898
3221 N. 16th Street, Suite 300, Phoenix, Arizona 85016
117-107th Avenue, NE, Room 100, Bellevue, Washington 98004

Regional Administrator, Occupational Safety and Health Administration

Area Director, OSHA

400-2 Totten Pond Road, 2nd Floor, Waltham, Massachusetts 02154
1550 Main Street, Room 532, Springfield, Massachusetts 01103-1493
Federal Building, Room 334, 55 Pleasant Street, Concord, New Hampshire 03301
40 Western Avenue, Room 121, Augusta, Maine 04330
380 Westminster Mall, Room 243, Providence, Rhode Island 02903
450 Main Street, Room 508, Hartford, Connecticut 06103

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90 Church Street, Room 1405, New York, New York 10007
100 South Clinton Street, Room 1267, Syracuse, New York 13260
990 Westbury Road, Westbury, New York 11590
220 Delaware Avenue, Suite 509, Buffalo, New York 14202
136-21 Roosevelt Avenue, 3rd Floor, Flushing, New York 11354
U.S. Courthouse & Federal Office Building, Room 555, Carlos Chardon Avenue, Hato Rey, Puerto Rico 00918
Leo W. O'Brien Federal Building, Room 132, Clinton Avenue & North Pearl Street, Albany, New York 12207
2101 Ferry Avenue, Room 403, Camden, New Jersey 08104
Teterboro Airport Professional Building, Room 206, 377 Route 17, Hasbrouck Heights, New Jersey 07604
2 East Blackwell Street, Dover, New Jersey 07801
Belle Mead GSA Depot Building T3, Belle Mead, New Jersey 08502
U.S. Custom House, Room 242, Second & Chestnut Street, Philadelphia, Pennsylvania 19106
Federal Office Building, Room 3007, 844 King Street, Wilmington, Delaware 19801
Federal Building, Room 2236, 1000 Liberty Avenue, Pittsburgh, Pennsylvania 15522
Rathrock Building, Fourth Floor, 121 West 10th Street, Erie, Pennsylvania 16501
Federal Building, Room 1110, Charles Center, 31 Hopkins Plaza, Baltimore, Maryland 21201
Penn Place, Room 2005, 20 North Pennsylvania Avenue, Wilkes-Barre, Pennsylvania 18701
Federal Building, Room 6226, 400 North 8th Street, P.O. Box 10186, Richmond, Virginia 23240
850 N. 5th Street, Allentown, Pennsylvania 18102
Building 10, Suite 33, LaVista Perimeter Office Park, Tucker, Georgia 30084
550 Eagan Street, Room 206, Charleston, West Virginia 25301
1600 Drayton Street, Savannah, Georgia 31401
Progress Plaza, 49 North Progress Street, Harrisburg, Pennsylvania 17109
Todd Mall, 2047 Canyon Road, Birmingham, Alabama 35216
951 Government Street, Suite 502, Mobile, Alabama 36604
700 Twiggs Street, Room 624, Tampa, Florida 33602
1835 Assembly Street, Room 1468, Columbia, South Carolina 29201
1720 West End Avenue., Suite 302, Nashville, Tennessee 37203
Federal Building, Suite 1445, 100 West Capitol Street, Jackson, Mississippi 39269
Federal Building, Room 127, 330 W. Broadway, Frankfort, Kentucky 40601
Federal Building, Room 302, 299 East Broward Boulevard, Fort Lauderdale, Florida 33301
Federal Office Building, Room 406, 310 New Bern Avenue, Raleigh, North Carolina 27601
Art Museum Plaza, Suite 17, 2747 Art Museum Drive, Jacksonville, Florida 32207
1400 Torrence Avenue, 2nd Floor, Calumet City, Illinois 60409
6000 West Touhy Avenue, Niles, Illinois 60648
United States Post Office & Courthouse, Room 422, 46 East Ohio Street, Indianapolis, Indiana 46204
344 Smoke Tree Business Park, North Aurora, Illinois 60542
2618 North Ballard Road, Appleton, Wisconsin 54915
Federal Office Building, Room 4028, 550 Main Street, Cincinnati, Ohio 45202
Federal Building, U.S. Courthouse, 500 Barstow Street, Room B-9, Eau Claire, Wisconsin 54701
Federal Office Building, Room 899, 1240 East 9th Street, Cleveland, Ohio 44199
Henry S. Reuss Building, 310 West Wisconsin Avenue, Suite 1180, Milwaukee, Wisconsin 53203
Federal Office Building, Room 634, 200 North High Street, Columbus, Ohio 43215
2934 Fish Hatchery Road, Suite 220, Madison, Wisconsin 53713
Federal Office Building, Room 734, 234 North Summit Street, Toledo, Ohio 43604
1425 West Pioneer Drive, Irving, Texas 75061
110 South 4th Street, Minneapolis, Minnesota 55401
Western Bank Building, Room 1407, 505 Marquette Avenue, N.W., Albuquerque, New Mexico 87102
3024 West Lake Street, Peoria, Illinois 61615
Government Plaza, Room 300, 400 Mann Street, Corpus Christi, Texas 78408
218A Main Street, Belleville, Illinois 62220
611 East 6th Street, Room 303, Austin, Texas 78701
231 West LaFayette, Room 628, Detroit, Michigan 48226
Hoover Annex, Suite 200, 2156 Wooddale Boulevard, Baton Rouge, Louisiana 70806
Federal Building, Room 421, 1205 Texas Avenue, Lubbock, Texas 79401
210 Walnut Street, Room 815, Des Moines, Iowa 50309
2320 LaBranch Street, Room 1103, Houston, Texas 77004
Overland-Wolf Building, Room 100, 6910 Pacific Street, Omaha, Nebraska 68106
Savers Building, Suite 828, 320 West Capitol Avenue, Little Rock, Arkansas 72201
4300 Goodfellow Boulevard-Building 105E, St. Louis, Missouri 63120
50 Penn Place, Suite 502, Oklahoma City, Oklahoma 73118

216 North Waco, Suite B, Wichita, Kansas 67202
1150 Grand Avenue, 6th Floor, Room 606, Kansas City, Missouri 64106
Petroleum Building, Suite 210, 2812 1st Avenue North, Billings, Montana 59101
P.O. Box 15200, 1781 South 300 West, Salt Lake City, Utah 84115
1220 Southwest 3rd Street, Room 640, Portland, Oregon 97204
701 C Street, Box 29, Anchorage, Alaska 99513
121-107th Street, N.E., Bellevue, Washington 98004
1315 West Idaho Street, Boise, Idaho 83702
Federal Building, Room 348, P.O. Box 2439, Bismarck, North Dakota 58501
300 Ala Moana Boulevard, Suite 5122, P.O. Box 50072, Honolulu, Hawaii 96850
1960 Addison Street, Suite 290, Berkeley, California 94704
Tremont Center, 1st Floor, 333 West Colfax, Denver, Colorado 80204
400 Oceangate, Suite 530, Long Beach, California 90802
U.S. Post Office Building, Room 505, 350 South Main Street, Salt Lake City, Utah 84101
1050 East William Street, Suite 402, Carson City, Nevada 89701
1555 Times Drive, Des Plaines, Illinois 60018
Amerco Towers, Suite 300, 2721 North Central Avenue, Phoenix, Arizona 85004
U.S. Post Office Building, Room 108, 5th & Walnut Streets, Cincinnati, Ohio 45202

OFFICE OF LABOR MANAGEMENT STANDARDS, AREA ADMINISTRATOR OR DISTRICT DIRECTOR

Area Administrator, New Studio Building, Room 211, 110 Tremont Street, Boston, Massachusetts 02108
District Director, Federal Building, Room 1310, 111 W. Huron Street, Buffalo, New York 14202
Area Administrator, Room 537, 26 Federal Plaza, New York, New York 10278
District Director, Room 210, 134 Evergreen Place, East Orange, New Jersey 07018
District Director, Federal Office Building, Room 650, Hato Rey, Puerto Rico 00918
Area Administrator, Federal Office Building, Room 804, 1000 Liberty Avenue, Pittsburgh, Pennsylvania 15222
Area Administrator, Riddell Building, Room 558, 1730 K Street, NW., Washington, D.C. 20006
Area Administrator, James A. Byrne Courthouse, Room 7401, 601 Market Street, Philadelphia, Pennsylvania 19106
Area Administrator, Room 205, 1371 Peachtree Street NE., Atlanta, Georgia 30367
District Director, Washington Square Building, Suite 504, 111 NW 183rd Street, Miami, Florida 33169
District Director, Port Wright Executive Building, Suite 210, 1885 Dixie Highway, Fort Wright, Kentucky 41011-2664
District Director, Room 716, 1808 West End Building, Nashville, Tennessee 37203
Area Administrator, 175 W. Jackson Boulevard, Suite 1201A, Chicago, Illinois 60404-2773
Area Administrator, Federal Office Building, Room 821, 1240 E. Ninth Street, Cleveland, Ohio 44199
Area Administrator, Federal Building and U.S. Courthouse, Room 630, 231 W. Lafayette Street, Detroit, Michigan 48226
District Director, Butler Square Building, Room 505C, 100 N.Sixth Street, Minneapolis, Minnesota 55403
Area Administrator, 555 Griffin Square Building, Room 707, Griffin and Young Streets, Dallas, Texas 75202
District Director, Federal Office Building, Room 940, 600 South Maestri Place, New Orleans, Louisiana 70130
Area Administrator, Federal Office Building, Room 3000, Kansas City, Missouri 64106
District Director, Room 570, 210 Tucker Boulevard, St. Louis, Missouri 63101
District Director, Federal Office Building, Room 1523, 1961 Stout Street, Denver, Colorado 80294
Area Administrator, 3660 Wilshire Boulevard, 7th Floor, Los Angeles, California 90012
District Director, 300 Ala Moana, Room 5115, P.O. Box 50204, Honolulu, Hawaii 96850
Area Administrator, 211 Main Street, Room 317, San Francisco, California 94105-1977
District Director, Federal Office Building, Room 3135, 909 First Avenue, Seattle, Washington 98174

OFFICE OF PENSION AND WELFARE BENEFIT PROGRAMS, AREA ADMINISTRATOR

1365 Peachtree Street, NE., Suite 540, Atlanta, Georgia 30367
New Studio Building, Room 211, 110 Tremont Street, Boston, Massachusetts 02108
Federal Building, Room 1310, 111 W. Huron Street, Buffalo, New York 14202
175 W. Jackson Boulevard, Suite 1201A, Chicago, Illinois 60604
Federal Office Building, Room 821, 1240 E. Ninth Street, Cleveland, Ohio 44199
555 Griffin Square Building, Room 707, Griffin & Young Streets, Dallas, Texas 75202
Federal Office Building, Room 1523, 1961 Stout Street, Denver, Colorado 80294
Federal Building & U.S. Courthouse, Room 630, 231 W. Lafayette Street, Detroit, Michigan 48226
134 Evergreen Place, Room 210, East Orange, New Jersey 07018
Ft. Wright Executive Building, Second Floor, 1885 Dixie Highway, Ft. Wright, Kentucky 41011-2664

Federal Office Building, Room 650, Carlos Chardon Street, Hato Rey, Puerto Rico 00918
300 Ala Moana, Room 5115, P.O. Box 50204, Honolulu, Hawaii 96850
Federal Office Building, Room 3000, 911 Walnut Street, Kansas City, Missouri 64106
3660 Wilshire Boulevard, 7th Floor, Los Angeles, California 90010
Washington Square Building, Suite 504, 111 NW 183rd Street, Miami, Florida 33169
Butler Square Building, Room 510 West, 100 N. Sixth Street, Minneapolis, Minnesota 55403
1808 West End Building, Room 716, Nashville, Tennessee 37203
Federal Office Building, Room 940, 600 South Street, New Orleans, Louisiana 70130
26 Federal Plaza, Room 537, New York, New York 10278
James A. Byrne Courthouse, Room 7401, 601 Market Street, Philadelphia, Pennsylvania 19106
Federal Office Building, Room 804, 1000 Liberty Avenue, Pittsburgh, Pennsylvania 15222
210 Tucker Boulevard, Room 570, St. Louis, Missouri 63101
211 Main Street, Room 317, San Francisco, California 94105-1977
Federal Office Building, Room 3135, 909 First Avenue, Seattle, Washington 98174
Riddell Building, Room 558, 1730 K Street, NW., Washington, D.C. 20006

REGIONAL DIRECTORS, VETERANS' EMPLOYMENT AND TRAINING SERVICE

Region I

506 JFK Federal Building, Government Center, Boston, Massachusetts 02203

Region III

U.S. Customs House, Room 240, Second and Chestnut Streets, Philadelphia, Pennsylvania 19106

Region IV

1371 Peachtree Street, NE., Room 716, Atlanta, Georgia 30367

Region V

230 South Dearborn, Room 1064, Chicago, Illinois 60604

Region VI

525 S. Griffin Federal Building, Room 204, Griffin and Young Streets, Dallas, Texas 75202

Region VII

Federal Building, Room 800, 911 Walnut Street, Kansas City, Missouri 64106

Region IX

450 Golden Gate Avenue, Room 9411, San Francisco, California 94102

[50 FR 28306, July 11, 1985]

PROCEDURE FOR DISCLOSURE

§ 70.41 Applicability of procedures.

Requests for inspection or copying of information from records in the custody of the Department of Labor which are available under the provisions of this part shall be made and acted upon as provided in the following sections of this subpart. The prescribed procedure shall be followed in all cases where access is sought to official records pursuant to the provisions of the Freedom of Information Act, except with respect to records for which a less formal disclosure procedure is provided specifically in this part or in any supplemental regulation referred to in Subpart C. Officers and employees of the Department may be authorized by the Secretary, or by the head of the agency in the Department having custody of the record, to continue to furnish to the public, informally and without compliance with these procedures, information and copies from its records which prior to enactment of the Freedom of Information Act (5 U.S.C. 552) were customarily furnished in the regular performance of their duties.

§ 70.42 Submittal of requests for access to records.

(a) Any person who desires to inspect or copy any record covered by this part, including any writing, drawing, map, recording, tape, film, photograph, or other documentary material by which information is preserved, shall submit a written request to that effect to the agency of the Department of Labor (see the listings in §§ 70.35(e) and 70.36) which has custody of the record.

(b) Standard forms for making a request are not required. However, to expedite the processing of requests submitted in accordance with paragraph (a) of this section each such request should clearly indicate on the envelope and on the request the following: F.O.I.A. request.

(c) To avoid delay in receipts of a sufficiently complete request at the agency in cases where the search and copying charges are not known or estimated and agreed upon in advance but may be substantial, the request in such a case should, as provided in § 70.64(b), state specifically that whatever costs will be involved pursuant to §§ 70.62-70.63 will be acceptable, or will be acceptable up to an amount not exceeding a named figure.

§ 70.43 To whom to direct requests.

(a) A request for records in the custody of the Bureau of Labor Statistics shall be directed to the Commissioner of Labor Statistics, Department of Labor, 200 Constitution Avenue NW., Washington, D.C. 20210. In the case of records in the custody of other agencies of the Department, the request shall be directed to the chief of such agency, unless the record asked for is kept in one of its field offices. If the desired record is kept in a field office, the request shall be directed to the field official having the principal responsibility to the agency for the custody of the records in that office, who may, for brevity, be referred to as the "responsible field official." The responsible field official may be identified as follows:

(1) In the case of records kept in a regional office, the chief of such office (for aid in identification, see § 70.36).

(2) In the case of records relating to compensation claims under laws providing compensation for work injuries to employees and under the War Hazards Act and Defense Base Act, the deputy commissioner of the district office in which the records are kept.

(3) In the case of records kept in any other field office, the chief of the regional office, or of the highest field office which, pursuant to authority from the agency of the Department administering the program to which the record relates, is responsible for the direct supervision of operations under such program in the field office where the record is kept. If the person making the request does not know where the record is located, he may direct his request to the Assistant Secretary of Labor for Administration and Management, Department of Labor, 200 Constitution Avenue NW., Washington, D.C. 20210, for appropriate handling.

(b) The agencies of the Department of Labor, referred to in paragraph (a) of this section, are, or are constituent units of, the agencies listed in § 70.35(e). Heads and responsible field officials of these agencies are further identified in § 70.36. For purposes of submittals of requests for records under this section, the chief of the Office of the Secretary shall be considered to be the Assistant Secretary for Administration and Management, and the chief of the Office of the Solicitor shall be considered to be the Deputy Solicitor. The general organization of the Department of Labor, its principal officers, and addresses of its regional and other field offices may be found in the "United States Government Manual" referred to in § 70.5(b).

[40 FR 7266, Feb. 19, 1975, as amended at 50 FR 28309, July 11, 1985]

§ 70.44 Description of information requested.

Each request should reasonably describe the record or records sought; i.e., in sufficient detail to permit identification and location thereof with a reasonable amount of effort. So far as practicable, the request should specify the subject matter of the record, the date or approximate date when made, the place where made, the person or office that made it, and any other pertinent identifying details.

§ 70.45 Deficient descriptions.

If the description is insufficient so that a professional employee who is familiar with the subject area of the request cannot locate the record with a reasonable amount of effort, the officer processing the request will notify the applicant and, to the extent possible, indicate the additional information required. Every reasonable effort shall be made to assist an applicant in the identification and location of the record or records sought. Records will not be withheld merely because it is difficult to find them.

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§ 70.46 Requests for categories of records.

Requests calling for all records falling within a reasonably specific category will be regarded as reasonably described within the meaning of § 70.44 and the statutory requirement if the Department is reasonably able to determine which records come within the request and to search for and collect them, at least where such search can be accomplished without unduly interfering with Department operations because of staff time consumed or the resulting disruption of files. If undue disruption of agency operations would result from fulfilling the request, the officer to whom the request was submitted shall promptly give the applicant notice thereof and the opportunity to confer with him in an attempt to reduce the request to manageable proportions by reformulation and by outlining an orderly procedure for the production of the records.

§ 70.47 Receipt by agency of request; acknowledgment.

(a) Since the officer responsible for acting upon a request for access to records of the Department or a constituent agency thereof must take the necessary action promptly after receipt of the request and a determination regarding disclosure must in any event be dispatched to the requester within a prescribed period after such receipt as set forth in § 70.53, such officer shall, upon receipt of such request, have the date and time of such receipt immediately inscribed thereon and give contemporaneous notice to the requester that the request was received on such date. Such notice shall also advise the requester of the time within which it is anticipated that a response will be made. If it appears from the request that the unusual circumstances set forth in § 70.55(b) may require extension of the normal time limit for responding to the request, and if such extension is authorized pursuant to § 70.55(c), the acknowledgment of receipt shall contain the information required by § 70.53(b).

(b) Each agency of the Department of Labor shall make provision for transmittal procedures which will expedite on a priority basis the receipt by the proper disclosure officer of incoming requests for access to records on which such officer must pass but which initially come to some other office or agency of the Department. Requesters can assist the Department in this regard by proper marking of their requests as indicated in § 70.42(b).

(c) In accordance with the rules set forth in Subpart B of this part, the request by a person for access to records requiring substantial search and/or copying services must be accompanied by payment or assurance of payment of any fees therefor applicable under the statute and this part, and action thereon may not be required in the absence of such payment or assurance. As provided in § 70.64(b), and to protect requesters from an unexpected accrual of liability greater than they may wish to assume for access to requested records when they do not know or have any estimate of the applicable fees and the agency anticipates that search and/or copying charges may exceed $25, no receipt of a complete request will be deemed to have occurred (and, therefore, the provisions of paragraph (a) of this section will not be applicable) unless or until (1) the requester specifically states that whatever costs will be involved pursuant to §§ 70.62–70.63 will be acceptable or will be acceptable up to an amount not exceeding a named figure, or (2) prompt notification has been given to the requester of the agency's estimate of the costs and the requester has perfected the request by payment or assurance of payment thereof. Upon completion of the request by such payment or assurance of payment, the request will be deemed to have been made in accordance with the published rules as to fees and receipt will be acknowledged as provided in paragraph (a) of this section.

§ 70.48 Action on request.

(a) The officer responsible for determining whether a request for agency records will be complied with in whole or in part shall cause any necessary search to be made promptly upon receipt of a request made in accordance with the rules published in this part and, after location of the requested records and such examination as may be necessary, shall proceed, as expeditiously as possible and within the time limitations set forth in § 70.53, to determine whether and to what extent the request may be granted pursuant to the policy of disclosure set forth in § 70.11 and the provisions of §§ 70.21, 70.22, and 70.29, and to advise the requester immediately of such determination.

(b) When a determination to grant the request with respect to all or any portion of the records requested is made, such records shall be made available to the requester at the time he is advised of the determination or as promptly thereafter as possible.

§ 70.49 Form of denials.

A reply denying a written request for a record or portion thereof shall be in writing and shall contain a brief statement of the reasons for the denial, including (except in case of a denial for the reasons set forth in § 70.53(c)) a reference to the specific exemption or exemptions under the Freedom of Information Act authorizing the withholding of the record and an explanation of how the exemption applies to the matter withheld. The denial shall also include the name and title or position of the person(s) responsible for the denial and an outline of the appeal procedure available.

§ 70.50 Appeals from denial of requests.

An applicant whose request for a record or portion thereof has been denied pursuant to § 70.49 may file an appeal within 90 days from the date of the denial or in the case of a partial denial, 90 days from the date the material is received by the requester. The appeal shall state, in writing, the grounds for appeal, including any supporting statements or arguments. The appeal shall be addressed to the Solicitor of Labor, Department of Labor, 200 Constitution Avenue NW., Washington, D.C. 20210. To expedite the processing of the appeal, each such appeal should clearly indicate on the envelope and on the appeal the following: F.O.I.A. Appeal.

§ 70.51 Receipt by Solicitor of appeal; acknowledgment.

Since action on an appeal from a denial of a request for records must be taken promptly after the receipt of the appeal by the Solicitor and in any event within the prescribed time limits following such receipt as set forth in § 70.54, each such appeal, when received by the Solicitor, shall have the date and time of such receipt inscribed thereon and the appellant shall immediately be notified of the time of receipt as so inscribed. To expedite the handling of appeals as much as possible, the Department will maintain internal procedures designed to assure transmittal to and receipt by the Solicitor of incoming appeals on a priority basis. Appellants can assist the Department in this regard by proper marking of their appeals as indicated in § 70.50.

§ 70.52 Action on appeals.

(a) As promptly as possible after receipt of an appeal and within the time limits specified in § 70.54, the Solicitor shall review the appellant's supporting papers and pass on the appeal. In his review of the matter on appeal, the Solicitor is authorized to determine de novo, in the light of the disclosure policy set forth in § 70.11, whether the denial of appellant's request for access to records was proper and in accord with the applicable provisions of the statute and the pertinent regulations. In the event that the denial appealed from is one made pursuant to the provisions of paragraph (c) of § 70.53 by reason of inability of the disclosure officer to make an informed determination within the specified time limits, the Solicitor's decision shall take into consideration any supplementary determination by the disclosure officer made pursuant to the provisions of such paragraph.

(b) The Solicitor may proceed as provided in paragraph (a) of this section to take the necessary action on the appeal notwithstanding the pendency of any action for judicial relief against withholding of records requested pursuant to this part, unless otherwise directed by the court. The Solicitor may take such action wheth-

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er the judicial relief was sought prior to any determination by the disclosure officer to grant or deny the request in whole or in part, or was applied for before or after the filing of the appeal. In the event that a requester seeks review by a court of the denial by a disclosure officer of a request for agency records without first filing an appeal to the Solicitor as provided in this part, the Solicitor may, unless otherwise ordered by the court, consider such action as the filing of an appeal and issue a decision thereon within the period specified in § 70.54 and in accordance with the provisions of paragraph (a) of this section. In any of the foregoing circumstances a final decision by the Solicitor to grant access to records would make unnecessary a ruling by the court with respect thereto.

(c) The Solicitor shall issue a decision in writing granting or denying the appeal in whole or in part and, if the appeal is granted with respect to any or all of the requested records, the Solicitor shall order such records to be made available promptly to the appellant. If the appeal is denied wholly or in part, the decision shall set forth each exemption provided in 5 U.S.C. 552 which is relied on, how it applies to the record or portion thereof which had been withheld, and the reasons for asserting it. The decision of the Solicitor shall be the final action of the Department of Labor with respect to the request. The notification to the requester of any decision upholding a denial in whole or in part of the request shall include notice of the provisions for judicial review set forth in 5 U.S.C. 552(a)(4).

(d) Copies of both grants and denials on appeal shall be collected in one file open to the public (subject to provisions of § 70.29(c)) and indexed in accordance with §§ 70.7 and 70.16.

TIME LIMITATIONS FOR ACTION ON REQUESTS AND APPEALS

§ 70.53 Period within which action on request shall be taken.

(a) As soon as possible and within a period not to exceed 10 working days after receipt (see § 70.47) of a request for agency records reasonably described and requested in accordance with the regulations published in this Part 70 and such supplementary regulations referred to in Subpart C hereof as may be pertinent, the officer responsible for acting on the request shall determine that such request will be granted or denied in whole or in part as provided in this Part 70, and shall thereupon immediately notify the requester of such determination and the reasons therefor. The provisions of paragraphs (b), (c), and (d) of this section are applicable where a final determination to grant or deny the request has not been made within the 10-day period with respect to all the records requested.

(b) As provided in § 70.55, an extension of the 10-day period for action on the request may be determined to be necessary because of unusual circumstances. If such an extension has been authorized as provided in § 70.55(c), the officer responsible for acting on the request shall notify the requester in writing within such 10-day period of the extension and the reasons therefor, specifying the date on which the determination to grant or deny the request is expected to be dispatched.

(c) If the disclosure officer is unable to grant the request as to all or any part of the records sought within the 10-day period specified in paragraph (a) or such extended period as may be specified pursuant to paragraph (b), because some or all of the records have not been located or made available for examination and consideration in time to make an informed determination, the officer may, within such period, respond to the request with respect to such records by denying access thereto at such time, with notification to the requester of such reasons and of the right to appeal such denial pursuant to the provisions of the Freedom of Information Act and this part within the 90-day period provided in § 70.50. In such event the officer shall further advise the requester that the search or examination will be continued and that the denial will be subject to withdrawal, modification, or confirmation by a supplementary determination to be made as soon as processing of the request can be completed. If an appeal is filed from the initial denial, the Solicitor shall act thereon as provided in § 70.52.

(d) If the officer who must pass upon the request fails to make a determination to grant or deny access to requested records as provided in paragraph (a) or (c) within the 10-day period specified in paragraph (a) or an extension thereof as specified pursuant to paragraph (b), the requester shall be deemed to have exhausted his administrative remedies and may apply for judicial relief against the withholding of such records as provided in the Freedom of Information Act. In such event, however, the court may allow additional time as provided in the Act, upon a showing of exceptional circumstances and the exercise of due diligence in responding to the request. In view of this, where despite due diligence exceptional circumstances have prevented a timely determination, the disclosure officer shall so advise the requester, explaining fully the facts and circumstances and that processing of the request will continue with the expectation that a determination can be made by a stated date, and shall solicit agreement by the requester to delay any application for judicial relief until such date. Processing of the request shall continue until such determination is made, however, irrespective of whether the requester agrees to defer court action or applies for judicial relief. If it is finally determined to grant access to any such records, no judicial relief would be necessary with respect thereto.

§ 70.54 Period within which action on appeal shall be taken.

(a) After receipt (see § 70.51) of an appeal from a denial of a request for agency records, the Solicitor shall as soon as possible within a period not to exceed 20 working days or such extended period as may be authorized pursuant to § 70.55(d) issue the decision on the appeal as provided in § 70.52.

(b) If a decision on the requester's appeal from a denial of access to agency records is not made by the Solicitor within the normal or extended period applicable under paragraph (a), the requester shall be deemed to have exhausted his administrative remedies and may apply for judicial relief against the withholding of the requested records as provided in the Freedom of Information Act. In such event, however, the court may allow additional time as provided in the Act, upon a showing of exceptional circumstances and the exercise of due diligence in responding to the request. In view of this, where despite due diligence exceptional circumstances have prevented a timely decision on the appeal, the Solicitor shall so advise the requester, explaining fully the facts and circumstances and that processing of the appeal will continue with the expectation that a decision will be made by a stated date, and shall solicit agreement by the requester to delay any application for judicial relief until such date. Processing of the appeal shall continue until a decision thereon is made, however, irrespective of whether the requester agrees to defer court action or applies for judicial relief. If it is finally determined to grant the appeal as to any of the requested records, no judicial relief will be necessary with respect thereto.

§ 70.55 Extension of period for taking action on request or appeal.

(a) *Extension in unusual circumstances, generally.* Pursuant to paragraph 6(B) of 5 U.S.C. 552(a) as amended, the maximum period of 10 working days normally allowed (see § 70.53) for making the determination in response to a request for agency records submitted as provided in this part, or the maximum period of 20 working days normally allowed (see § 70.54) for deciding an appeal from a denial of the request for any such records in whole or in part, may be extended in the unusual circumstances described in paragraph (b) of this section for an additional period by written notice from the disclosure officer or the Solicitor, as the case may be, to the requester setting forth the reasons for such extension and the date on which a determination is expected to be dispatched. Such additional time may be provided only to the extent reasonably necessary to the processing of the particular request and no extension for more than an additional 10 working days is permitted. Such extensions shall be allowed only as provided in paragraphs (c) and (d) of this section, so that the total additional time made available thereby for determining the action to be taken on a particular request, whether by the disclosure officer or by the Solicitor in the event of appeal, or by both together, will not exceed 10 working days.

(b) *Unusual circumstances which may justify extended time.* The unusual circumstances which may justify an extension, as provided in paragraph (a), of the time for taking action on a request for records or an appeal from a denial of the request in whole or in part are:

(1) The need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request;

(2) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records which are demanded in a single request; or

(3) The need for consultation, which shall be conducted with all practicable speed, with another agency having a substantial interest in the determination of the request or among two or more components of the agency having substantial subject-matter interest therein. Consultations between an agency unit and its legal counsel, the public information staff, or the Department of Justice are not unusual circumstances within the meaning of this paragraph and should not be considered the basis for an extension as provided in paragraph (a) and paragraph (c) or paragraph (d).

(c) *Extension of period for disclosure officer to determine action to be taken on request.* The disclosure officer passing upon the request for records may, to the extent reasonably necessary to the proper processing of such request in the unusual circumstances set forth in paragraph (b), extend the period for determining the action to be taken thereon beyond the normal 10-day limit as provided in paragraph (a), but only with the prior approval of the Solicitor and for such period up to but not in excess of 10 additional working days as the Solicitor shall approve. Notification shall be given to the requester as provided in § 70.53(b).

(d) *Extension of period for Solicitor to decide appeal from denial of access to requested records.* The Solicitor may, to the extent necessary to the proper processing of an appeal from a denial of a request for agency records, extend the period for deciding such appeal beyond the normal 20-day limit by written notice to the appellant as provided in paragraph (a), but only in the unusual circumstances set forth in paragraph (b) and in no event for more than 10 additional working days or such portion thereof as remains after any extension previously made pursuant to paragraph (c).

(e) *Further provisions for extension of time for taking action.* As noted in § 70.53(d) and § 70.54(b), notwithstanding the fact that a requester is deemed to have exhausted his administrative remedies and may apply for judicial relief under the Freedom of Information Act when the disclosure officer or the Solicitor fails to take the necessary action with respect to a request for records or an appeal from a denial thereof within the normal or extended time limits prescribed in the Act, the court in any such action may, upon a showing of exceptional circumstances and the exercise of due diligence in responding to the requester, allow additional time to complete the necessary review. While any deferral of an application for judicial relief under such circumstances is within the discretion of the requester, the responsible officer will, pursuant to the rules in this part, continue to proceed to a determination of the matter before him and, if the determination is to grant access to the requested records, the necessity for judicial relief will be obviated.

Subpart B—Copies of Records and Fees for Services

SPECIAL SEARCHING AND COPYING SERVICES

§ 70.61 Charges for services, generally.

(a) Pursuant to the provisions of the Freedom of Information Act, as amended, the payment of standard charges as set forth in the fee schedule in § 70.62 will, except as otherwise provided in this subpart, be required of the requester to cover the direct costs of searching for and duplicating records requested under the Act from the Department or any of its constituent agencies. Where the direct cost to the agency of making the search is substantial, fees for searching as provided in the schedule will be charged even if the record searched for is not found or if, after it is found, it is determined that the request to inspect it must be denied under the provisions of 5 U.S.C. 552(b) and the regulations in this part.

(b) Circumstances under which searching and copying facilities or services may be made available to the requester without charge or at a reduced charge are delineated in §§ 70.65–70.67. Recoupment of agency costs for determining whether a requested record is disclosable under the statute and this part and for making deletions of portions exempted from disclosure by the Act has been excluded from consideration in arriving at the standard charges contained in the fee schedule and no charge is made to a requester for the cost of any such services. However, where a requester desires the agency to provide such services as certification, authentication, or other special services not required under the Freedom of Information Act with respect to requested records, fees in addition to the standard charges for search and copying will be charged to cover the agency costs as indicated in §§ 70.68–70.69 and as authorized by the special provisions in Subchapter II of Title 29 of the United States Code and the general user-charge statute, section 483a of Title 31, United States Code.

§ 70.62 Search and copying charges.

(a) *Fee schedule for searching records.* Where agency records must be searched to locate a requested record, charges applicable under this subpart to the search will be made according to the following fee schedule:

(1) *Search time.* (i) Ordinary search by custodial or clerical personnel, $1.25 for each one-quarter hour or fraction thereof of employee worktime in excess of the first quarter-hour required to reach or obtain the records to be searched and to make the necessary search; and

(ii) Search requiring services of professional or supervisory personnel to locate requested record, $2.50 for each such quarter-hour of such services required.

(2) *Additional search costs.* If the search for a requested record requires transportation of the searcher to the location of the records or transportation of the records to the searcher, at a cost in excess of $5, actual transportation costs will be added to the search time cost.

(3) *Search in computerized records.* Special fees to cover direct personnel and machine time costs of such searches will be charged as set forth in the above fee schedule and § 70.63.

(b) *Fee schedule for copying of records.* The fees payable pursuant to this subpart for obtaining requested copies of records which have been made available for inspection under the Freedom of Information Act will be computed on the following basis and subject to the following conditions:

(1) *Standard copying fee:* $0.10 per page of record copies furnished. This has been determined to be a reasonable standard charge to cover direct costs to the Department of duplicating records where the volume of page copies furnished is not extraordinary. The standard fee is applicable both where the copies are reproduced by the person desiring them, using Government-furnished reproduction equipment, such as coin-operated machines, which may be made available for use by any number of the public, and where, in the absence of availability of such facilities, the copies are re-

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produced by agency personnel. This standard fee is also applicable to the furnishing of copies of available computer printouts as stated in § 70.63(a)(1).

(2) *Voluminous material.* If the volume of page copy desired by the requester is such that the reproduction charge at the standard page rate would be in excess of $200, the person desiring reproduction may request special rate quotation from the Office of the Assistant Secretary for Administration and Management.

(3) *Limit of service.* Not more than 10 copies of any document will be furnished.

(4) *Manual copying by requester.* No charge will be made for manual copying by the requesting party of any document made available for inspection under the provisions of this part. The Department shall provide facilities for such copying without charge at reasonable times during normal working hours.

(c) *Transcripts of proceedings.* Where pursuant to the provisions of this part there is made available for inspection and copying the transcript of a hearing or other proceeding pertaining to matters within the purview of the Department of Labor or any of its programs, constituent agencies, or advisory committees, no search charge will be made. Copies of such transcripts will normally be furnished upon payment of the actual cost of duplication as computed pursuant to the fee schedule in paragraph (b). If, however, the transcript was furnished to this Department under the provisions of a contract executed prior to January 5, 1973, the effective date of the Federal Advisory Committee Act, under contractual provisions which prohibit the Department from reproducing the transcript, copies of such transcripts prepared by persons or firms reporting the proceedings may be obtained upon application to the reporter and payment of the reporter's fees at the rate provided in the contract. The foregoing fees are not applicable to the furnishing of any copies of such transcripts to any person entitled to receive such copies without charge pursuant to a regulation or order issued by the Secretary or his authorized representative.

(d) *Indexes.* Pursuant to 5 U.S.C. 552(a)(2), copies of indexes or supplements thereto which are maintained as therein provided but which have not been published will be provided on request at a cost not to exceed the direct cost of duplication as computed pursuant to the fee schedule in paragraph (b) of this section.

§ 70.63 Computerized records.

(a) Information available in whole or in part in computerized form which is disclosable under the Freedom of Information Act is available to the public as follows:

(1) When there is an existing printout from the computer which permits copying the printout, the material will be made available at the per page rate stated in § 70.62(b)(1) for each 8½- by 11-inch page.

(2) When there is not an existing printout of information disclosable under the Freedom of Information Act, a printout shall be made provided the applicant pays the cost to the Department as hereinafter stated.

(3) Obtaining information from computerized records frequently involves a minimum computer time cost of approximately $100 per request. Multiple requests involving the same subject may cost less per request. Services of personnel in the nature of a search shall be charged for at rates prescribed in § 70.62(a). A charge shall be made for the computer time involved based upon the prevailing level of costs to Government organizations and upon the particular types of computer and associated equipment and the amounts of time on such equipment that are utilized. A charge shall also be made for any substantial amounts of special supplies or materials used to contain, present or make available the output of computers based upon the prevailing levels of costs to Government organizations and upon the type and amount of such supplies and materials that are used.

(b) Information in the Department's computerized records which could be produced only by additional programming of the computer, thus producing information not previously in being, is not required to be furnished under the Freedom of Information Act. In view of the usually heavy workloads of the computers used by the Department, such a service cannot ordinarily be offered to the public.

§ 70.64 Payment of fees.

(a) *Medium of payment.* Payment of the applicable fees as set forth in §§ 70.62 and 70.63 shall be made in cash, by U.S. postal money order, or by check payable to the Department of Labor. Postage stamps will not be accepted in lieu of cash, checks, or money orders as payment for fees specified in the schedule. Cash should not be sent by mail.

(b) *Advance payment or assurance.* Payment of the known and officially estimated searching and copying fees shall be made or assured to the satisfaction of the disclosure officer prior to the performance of substantial searching or copying services. Where the requester does not know and has no official estimate of the search and copying costs at the time the request is made, the request should specifically state that whatever costs will be involved pursuant to §§ 70.62-70.63 will be acceptable, or will be acceptable up to an amount not exceeding a named figure. A request made without such specific assurance of payment of fees, in an amount at least equal to the charges under §§ 70.62-70.63 which the Department anticipates will be necessary, will, if such estimated charges are in excess of $25, not be deemed to have been received by the Department until the requester has been notified (promptly upon physical tender of the request) of the Department's cost estimate and has perfected the request by paying the estimated charges or giving satisfactory assurance that payment will be made. In the event that a request is made only for inspection of a record, advance payment or assurance of payment as set forth in this paragraph is applicable only with respect to searching fees; charges for copying will not be made unless or until copies are requested.

(c) *Adjustment of fees.* Where an estimated fee paid by the requester in advance exceeds the fee chargeable under the applicable schedule for the search or copying services actually performed, the balance will be refunded by the Department. Where the actual fees due for the services are in excess of the estimate, the requester will be required to remit the difference. In cases where the estimated costs required under the fee schedule for responding to a request are such that an advance deposit is deemed necessary, and it appears that the information sought by the requester might be made available at less cost by revision of the request, the Department's advice to the requester of the estimated costs and the need for an advance deposit will be accompanied by extension of an offer to the requester to confer with knowledgeable Department personnel with a view to reformulation of the request in a manner which will reduce the fees and meet the needs of the requester.

(d) *Post-copying costs.* The scheduled fees for furnishing copies of records made available pursuant to the Act for inspection and copying cover the costs of furnishing the copies at the place of duplication. Where requests for such copies are made by mail, no postage charge will be made for transmitting by regular mail a single copy of the requested record to the requester, or for mailing additional copies where the total postage cost does not exceed $1. However, where the volume of page copy or method of transmittal requested is such that transmittal charges to the Department are in excess of $1, the transmittal costs will be added to the copying fee specified in accordance with the schedule, unless appropriate stamps or stamped envelopes are furnished with the request, or authorization is given for collection of shipping charges on delivery.

§ 70.65 Standard fees not charged in certain circumstances.

The searching and copying fees set forth in this subpart are intended to cover agency costs of furnishing services that are special to the requester and above and beyond those which are generally provided to the public at large. Where furnishing the information requested can be considered as primarily benefiting the general public, the Freedom of Information Act provides that the agency may determine that waiver or reduction of the standard charges for searching and copying is in the public interest, in which event requested records shall be made available without charge or at a reduced charge. On this basis as well as for other reasons which have satisfied the Department that it is in the public interest to do so, the standard fees for making a requested record available will, in certain circumstances, not be charged or will be reduced as stated in the sections following. In addition, where the disclosure officer granting the request for a record determines that the waiver or reduction of the standard charge would be in the public interest because of the primary benefit to the general public of disclosure of the requested information, the disclosure officer shall advise the requester that the requested record will be made available without charge or at a reduced charge which he shall specify.

§ 70.66 Services performed without charge.

(a) No searching charge under § 70.62(a) shall be made for routine procurement for inspection from Department records, not requiring more than one-quarter hour of personnel time, of any record required by the Freedom of Information Act to be made available for public inspection on request.

(b) The searching fees set forth in § 70.62(a) shall not be charged for the production of any requested record material maintained in a public reference facility of the Department or any of its component units, or for searching for any records available for public inspection without formal request pursuant to the rules in this part and supplemental regulations issued as provided in Subpart C, or for producing any record required by statute to be made available for inspection without charge.

(c) The fees provided for copies in § 70.62(b) do not apply to copies of materials reproduced for the purpose of distribution to the public without charge or to copies of published materials available for purchase from the Superintendent of Documents which the Department makes available in single copies or in limited quantities without charge to persons whose access to such materials may serve the public interest and assist the Department in administering statutes or carrying out programs for which it is responsible.

§ 70.67 Waiver or reduction of fees by disclosure officer.

In appropriate circumstances the disclosure officer may waive or reduce fees otherwise applicable under § 70.62 for services in searching for and copying record information. Thus, where no major expenditure of staff time or burden on reproduction facilities is involved, single copies of disclosable documents readily accessible in Departmental files may be furnished without charge to persons properly and directly concerned with the matters therein (e.g., where an individual seeks a copy of a record pertaining to Departmental action or reference material directly concerning that individual), and to persons in special circumstances where inability to pay is demonstrated and it is clear that a significant public interest would be served by providing the service free of charge. Similarly, searching and copying services may be performed at a reduced charge determined by the disclosure officer to be justified by the public interest in disclosure of a requested record (see § 70.65) or by the benefit to the public that may accrue from dissemination of information likely to assist the Department in carrying out a statutory program.

AUTHENTICATION; SPECIAL STUDIES AND COMPILATIONS

§ 70.68 Authentication of copies.

(a) *Fees.* The Freedom of Information Act does not require certification or attestation under seal of copies of records furnished in accordance with its provisions. Pursuant to provisions of the general user-charger statute, 31 U.S.C. 483a and Subchapter II of Title 29 of the United States Code, the following charges will be made where such services are requested:

(1) For certification of true copies, each $1.

(2) For attestation under the seal of the Department, each $3.

(b) *Authority and form for attestation under seal.* Authority is hereby given to any officer or officers of the Department of Labor designated as authentication officer or officers of the Department to sign and issue certificates of authentication under the seal of the Department of Labor. The form of authentication shall be as follows:

> I hereby certify, that —————————— who signed the foregoing attestation, is now and was at the time of signing (title) —————————— and has legal custody of the official documents of the U.S. Department of Labor therein attested and that full faith and credit should be given to his act as such.
>
> In witness whereof, I, ——————————, duly designated by the Secretary of Labor as Authentication Officer of the Department of Labor, have hereunto subscribed my name and caused the seal of the Department of Labor to be affixed this —— day of ————, 19—. ——————————
>
> ——————————
>
> *(Authentication Officer, Department of Labor)*

§ 70.69 Special studies and compilations.

Pursuant to the provisions of Subchapter II of Title 29 of the United States Code (29 U.S.C. 9–9b), the Department may, upon the written request of any person and within the discretion of the Secretary of Labor, undertake special statistical studies relating to employment, hours of work, wages and other conditions of employment, may prepare from its records statistical compilations, and may furnish transcripts of its studies, tables, and other records, upon the payment of the actual cost of such work by the person requesting it. Transcripts of existing records requested and made available under the Freedom of Information Act will be furnished subject to payment of the applicable searching and copying fees as set forth earlier in this subpart. However, services as above described which are not within the contemplation of the Freedom of Information Act and are performed in the discretion of the Secretary of Labor will be charged for on the basis of a computation of actual total cost. Nothing in the Freedom of Information Act is construed to require the compiling of records other than the indexes prescribed by 5 U.S.C. 552(a)(2) or the preparation of documents other than those required by 5 U.S.C. 552(a)(1) to be published in the FEDERAL REGISTER.

Subpart C—Special Rules Applicable to Certain Specific Records

§ 70.71 Authority of agency officials in Department of Labor.

Each agency of the Department of Labor for which an officer or officers have authority to issue rules and regulations may through such officers promulgate supplementary regulations, not inconsistent with this part, governing the disclosure of particular or specific records which are in the custody of that departmental unit. Agencies of the Department which do not or have not promulgated special supplementary regulations governing disclosure of particular records shall disclose such records pursuant only to the provisions of Subparts A and B of this Part 70.

§ 70.72 Supplementary regulations currently in force.

Duly promulgated regulations currently in force governing the disclosure of records in the custody of a subdivision of the Department shall continue to be operative insofar as such regulations are consistent with the provisions of this part. Agencies of the Department which have promulgated supplementary regulations or to which special regulations apply are listed in this subpart. Disclosure by such agencies of records not subject to such regulations shall be governed by the provisions of this Part 70.

§ 70.73 Bureau of Labor Statistics.

(a) The records described in paragraph (b) of this section are in the custody of the Bureau of Labor Statistics at the address indicated. The right of inspection and copying provided in this Part 70 may be exercised at that office. See § 70.77(b) concerning rules specially applicable to the disclosure of statistical information compiled by the Bureau pursuant to the Williams-Steiger Occupational Safety and Health Act of 1970.

(b) Collective bargaining agreements and other available agreements and actions thereunder settling or adjusting labor disputes, maintained by the Department of Labor pursuant to section 211(a) of the Labor-Management Relations Act of 1947 (61 Stat. 156; 29 U.S.C. 181); other available statistical information, tables, studies, and reports, collected, collated, and published or reported by the Bureau of Labor Statistics pursuant to the provisions of title 29, chapter I of the United States Code. As required by the governing statute and as provided in § 70.21, requests to inspect or copy any such document shall be denied with respect to any specific information submitted to the Department in confidence.

Address: U.S. Department of Labor, Bureau of Labor Statistics, General Accounting Office, 441 G Street NW., Washington, D.C. 20210.

§ 70.74 Employment Standards Administration.

(a) Records relating to compensation claims under statutes administered by the Employment Standards Administration for work injuries to employees and for detention benefits under the War Hazards Act may be made available for inspection as provided in 20 CFR 1.22, 31.22, 41.21, 51.1, 61.19, 81.1, and 91.1, and for copying as provided in Subpart B and the supplemental rules in 20 CFR 1.22.

(b) Special supplementary regulations governing the disclosure of records respecting the certification of eligibility to apply for workers assistance under the Trade Expansion Act of 1962 (76 Stat. 872; 19 U.S.C. 1801) and Executive Order 11075 (28 FR 473) may be found in §§ 90.18-19 of this title. The proceedings and reports of advisory committees established under the Trade Act (88 Stat. 1996; 19 U.S.C. 2155) may, as provided in Section 135(f)(2) of that Act, be nondisclosable whenever and to the extent it is determined in accordance with law that such meetings will be concerned with matters the disclosure of which would seriously compromise the Government's negotiating objectives or bargaining positions on the negotiation of any trade agreement.

(c) The disclosure of records in the custody of the Office of Federal Contract Compliance or its Compliance Agencies shall be governed by the supplementary regulations published as new Part 60-40 of Title 41 of the Code of Federal Regulations. These will be rescinded or modified in the near future so as to conform to the Freedom of Information Act Amendments of 1974.

(d) The regulations of the Office of Workers' Compensation Programs relating to release of information, which will appear in the near future in the FEDERAL REGISTER under Title 20, Chapter I, Part 10, with reference to the Federal Employees' Compensation Act, as amended; at 20 CFR 702.112-702.114 with reference to the Longshoremen's and Harbor Workers' Compensation Act, as amended and extended; and at 20 CFR 715.301 with reference to the Black Lung Benefits Program.

§ 70.75 Office of Labor-Management Standards.

(a) The following documents are in the custody of the Office of Labor-Management Standards at the address indicated below, and the right of inspection and copying provided in this Part 70 may be exercised at such offices:

(1) Data and information contained in any report or other document filed pursuant to Sections 201, 202, 203, 211, and 301 of the Labor-Management Reporting and Disclosure Act of 1959 (73 Stat. 524-528, 530, 79 Stat. 888; 29 U.S.C. 431-433, 441, 461).

(2) Data and information contained in any report or other document filed pursuant to the reporting requirements of Part 208 of this title, which are the regulations implementing the standards of conduct provisions of the Civil Service Reform Act of 1978, 5 U.S.C. 7120, and the Foreign Service Act of 1980, 22 U.S.C. 4117. The re-

porting requirements are found in Part 208 of this title, § 208.3.

Address: U.S. Department of Labor, Office of Labor-Management Standards, Public Documents Room N-5626, 200 Constitution Avenue, NW., Washington, D.C. 20210.

(b) Upon request of the Governor of a State for copies of any reports or documents filed pursuant to Sections 201, 202, 203, 211 of the Labor-Management Reporting and Disclosure Act 1959 (73 Stat. 524-528, 79 Stat. 888; 29 U.S.C. 431-441), or for information contained therein, which have been filed by any person whose principal place of business or headquarters is in such State, the Office of Labor-Management Standards shall:

(1) Make available without payment of a charge to the State agency designated by law or by such Governor, such requested copies of information and data, or:

(2) Require the person who filed such reports and documents, to furnish such copies or information and data directly to the state agency thus designated.

[50 FR 28309, July 11, 1985]

§ 70.76 Employees' Compensation Appeals Board.

In matters before the Employees' Compensation Appeals Board the Board shall make available, or deny access to, records in the proceedings to employees or their attorneys, or in case of death, to their beneficiaries or authorized representatives, in compliance with standards set out in 20 CFR 501.8.

§ 70.77 Occupational Safety and Health Administration.

(a) Supplementary regulations governing the disclosure of records in the custody of the Occupational Safety and Health Administration pursuant to the Williams-Steiger Occupational Safety and Health Act of 1970 (84 Stat. 1590; 29 U.S.C. 651) have been published in Part 1913 of this title. These will be rescinded or modified in the near future so as to conform to the Freedom of Information Act Amendments of 1974.

(b) Disclosure of statistical information compiled by the Bureau of Labor Statistics pursuant to the Williams-Steiger Occupational Safety and Health Act of 1970 shall be governed by the supplementary regulations referred to in paragraph (a) of this section. These will be rescinded or modified in the near future so as to conform to the Freedom of Information Act Amendments of 1974.

§ 70.78 Pension and welfare benefit programs.

The following documents are in the custody of the Office at the address indicated below, and the right of inspection and copying provided in this Part 70 may be exercised at such offices:

(a) Copies of the description of welfare or pension benefit plans, amendments or modifications thereto and entire or individual pages of annual financial reports thereon, filed pursuant to section 8(b) of the Welfare and Pension Plans Disclosure Act (72 Stat. 1002, 29 U.S.C. 307).

(b) Copies of plan descriptions, annual reports, statements and other documents filed pursuant to the Employment Retirement Income Security Act, Title 1, part 1, except that information described in section 105(a) and 105(c) with respect to a participant may be disclosed only to the extent that information respecting that participants benefits under Title II of the Social Security Act may be disclosed under such Act.

Address: U.S. Department of Labor, Office of Pension and Welfare Benefit Programs, Public Documents Room N-4677, 200 Constitution Avenue, NW., Washington, D.C. 20210.

[50 FR 28310, July 11, 1985]

PART 70a—PROTECTION OF INDIVIDUAL PRIVACY IN RECORDS

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70a.3 Conditions of disclosure of information.
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70a.5 Requirements for identification of individuals making requests.

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Sec.
70a.6 Disclosure of requested information to individuals.
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70a.11 Fees.
70a.12 Penalties.
70a.13 Exemptions.

AUTHORITY: Sec. 3(f), Privacy Act of 1974 (5 U.S.C. 552a(f), 88 Stat. 1896, 1900); 5 U.S.C. 553.

SOURCE: 42 FR 6106, Feb. 1, 1977, unless otherwise noted.

§ 70a.1 Purpose and scope.

(a) *Purpose.* This part sets forth the basic criteria which are to be used for implementing the provisions of the Privacy Act of 1974 (Pub. L. 93-579) as it applies to the Department of Labor.

(b) *Scope.* (1) Except as noted in paragraphs (b) (2) and (b) (3) of this section, the regulations set forth in this part apply whenever a record containing personal information is maintained within a system of records which is under the control of the Department and such records are retrieved by reference to a personal identifier.

(2) Requests for notification, access or amendment to personnel records maintained by the Department are governed by Parts 293 and 297 of the Civil Service Commission's regulations, Title 5, Code of Federal Regulations, and internal Department directives established pursuant to the Commission's regulations.

(3) For systems of records contained within government-wide systems of records under the control of the Department of Labor, the regulations of the agency in possession of such records shall govern the procedure for requesting access to, or amendment of the records, including initial determinations on such requests, while the Department of Labor regulations shall govern all other aspects of safeguarding these records established by the Privacy Act.

§ 70a.2 Definitions.

For purposes of this part: (a) "Agency" means an agency as that term is defined in 5 U.S.C. 552(e). It means "each authority of the Government of the United States, whether or not it is within or subject to review by another agency * * *" (5 U.S.C. 551(1)), but it does not include an advisory committee.

(b) The term "individual" means a citizen of the United States (as defined in 8 U.S.C. 1401) or an alien lawfully admitted for permanent residence. This definition distinguishes between the rights which are given to a citizen as an individual under this Act and the rights of proprietorships, including sole proprietors, businesses, and corporations, which are not covered by the Act. Records relating solely to nonresident aliens are excluded from the requirements of this part. However, where a system of records relates to both citizens and nonresident aliens, those portions of the system which relate to citizens or resident aliens must comply with the provisions set forth in these regulations.

(c) The term "maintain" includes the maintenance, collection, use, or dissemination of records, or any combination of these recordkeeping functions. The term "maintain" also connotes control over and responsibility and accountability for a system of records. Effective control of a system of records does not necessarily require physical control of the system (e.g., the Civil Service Commission has control over personnel records not physically within its possession). Furthermore, records on loan from one agency to another may not necessarily be under the control of the latter depending upon the circumstances attendant to, and the conditions of the transfer. Systems of records operated under contract, or in some instances, operated by State or local governments under Federal mandates "by or on behalf of the agency * * * to accomplish an agency function" are, for purposes of this part, under the control of the agency for which the services are being performed, and consequently subject to the requirements set forth in this part. The qualifying phrase "to accomplish an agency function" limits the applicability of the Act to those systems directly related to the performance of Federal agency functions by excluding from its coverage systems which are financed, in whole or in part, with Federal funds, but which are managed by State or local governments for the benefit of State or local governments.

(d) The term "record" means a tangible or documentary record, as opposed to an intangible record, such as information contained in a person's memory. It is any item of information, or any grouping of such items of information, about an individual that includes an identifying particular (i.e., an individual identifier). An "identifying particular" is any element of data (name, number, etc.) or other descriptor (finger print, voice print, photograph) which can be used to identify an individual.

(e) The term "system of records" means a group of any records under the control of an agency from which information is retrieved by reference to the name of an individual or by some identifying particular assigned to an individual. A "system of records" for purposes of this part is a group of records which:

(1) Consists of records as that term is defined in this section,

(2) Are "under the control of" an agency, and

(3) Are retrieved by reference to an individual name or some other personal individual identifier.

"Under the control of" means those official records for which the agency is officially responsible and either has in its possession or exercises dominion over. This excludes those records which, although in the physical possession of agency employees and used by them in performing official functions, are not, in fact, agency records. Uncirculated personal notes, papers and records which are retained or discarded at the author's discretion and over which the agency exercises no dominion or control (e.g., personal telephone lists) are not "agency records" for purposes of this part.

The criteria "are retrieved by" covers those records under the control of an agency which are, in fact, accessed by use of a personal identifier, not merely that a capability or potential capability exists for retrieving personal information in some manner. For example, files on firms which contain personal information about officers of the firms are not records for purposes of this part unless the agency actually retrieves this information by reference to a personal identifier.

(f) The term "statistical record" means a record contained within a system of records which is maintained for statistical research or reporting purposes only, and not used, in whole or in part, in making any determination about an identifiable individual. For a record to qualify as a "statistical record," it must be maintained as a system of records separately from other systems of records where such other systems contain records that are used to make determinations about the rights, benefits, or entitlements of an identifiable individual. The term "identifiable individual" distinguishes determinations about specific individuals from determinations about aggregates of individuals. An example of the latter is the use of census data for the apportionment of funds based upon population.

Records frequently referred to as "research records" which are only used for analytic purposes, qualify as "statistical records" for purposes of this part, provided such records are not used in making any determination about the rights, benefits or entitlement of an identifiable individual.

(g) The term "routine use" means, with respect to the disclosure of a record, the use of such record for a purpose which is compatible with the purpose for which it was collected. The Privacy Act restricts the use of information to such purposes, but also recognizes that there are corollary purposes "compatible with the purpose for which the information was collected" that are appropriate and necessary for the efficient conduct of government, and are in the best interest of both the individual and the public. Thus, the term "routine use" includes the common and ordinary applications for which such records are generally collected and all proper and necessary applications of records with-

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out regard to the frequency of such applications.

(h) "Disclosure officer," "responsible official" and "officer authorized to disclose information from Department records" are those officials in this Department, whose titles and addresses are listed in § 70a.4(ii) of this chapter, who must pass on requests to inspect or copy record information in their custody. The solicitor of Labor, in the case of appeals and with respect to withdrawal of originals is the disclosure officer for such purposes, as is the Secretary of Labor with respect to the withdrawal of originals. As the head of the Department, the Secretary may invest any officer or employee of the Department with the authority to disclose information from particular records.

§ 70a.3 Conditions of disclosure of information.

(a) Nothing in this part shall allow an individual access to any information compiled in reasonable anticipation of a civil action or proceeding.

(b) Exempt as provided in paragraphs (d) through (f) of this section, neither the Department, nor its component units, shall disclose any record which is contained within a system of records subject to the requirements of this part, to any person or agency other than to the individual who is the subject of the record, unless the disclosure is to such person's parent or guardian as provided in § 70a.5 (c) of this part, or to the representative designated by such individual in accordance with the requirments contained in § 70a.5(b) of this part.

(c) If a requester satisfied the requirements set forth in §§ 70a.4 and 70a.5 of this part, and the record described in paragraph (b) of this section does in fact exist, and is not otherwise exempt from disclosure by any other provision contained in this part, the record shall be made available to the requester in accordance with § 70a.6 of this part.

(d) Upon the notarized written consent of an individual to whom a record described in paragraph (b) of this section pertains, the Department, or any of its component units, may disclose the record to an agency or a person other than the individual to the extent that the individual to whom the record pertains has so consented.

(e)(1) In the absence of written consent from the individual to whom a record described in paragraph (b) of this section pertains, the Department may disclose any such record provided such disclosure is:

(i) To those officers and employees of the Department of Labor who have a need for the information in the performance of their duties;

(ii) Required under the Freedom of Information Act (5 U.S.C. 552);

(iii) For a "routine use" as published in the annual notice in the FEDERAL REGISTER;

(iv) To the Bureau of Census for purposes of planning or carrying out a census or survey or related activity under the provisions of Title 13 of the United States Code;

(v) To a recipient who has provided the Department with adequate advance written assurance that the record will be used solely as a statistical research or reporting record, and that the record is to be transferred in a form that is not individually identifiable;

(vi) To the National Archives of the United States as a record which has sufficient historical or other value to warrant its continued preservation by the United States Government, or for evaluation by the Administrator of General Services or his designee to determine whether the record has such value;

(vii) To another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity authorized by law, provided the head of the agency or instrumentality has made a prior written request to the Department, or a unit component thereof, specifying the particular record and the law enforcement activity for which it is sought;

(viii) To either House of Congress, or, to the extent that a matter is within its jurisdiction, any committee or subcommittee thereof; or to any joint committee of Congress or a subcommittee of any such joint committee;

(ix) To the Comptroller General, or any of his authorized representatives in the course of the performance of the duties of the General Acounting Office;

(x) Under an order of a court of competent jurisdiction, in which case the Department shall make reasonable efforts to notify the subject individual of the subpoenaed record when the subpoena of such material becomes a matter of public record; or

(xi) To a person pursuant to a showing of compelling circumstances affecting the health or safety of an individual (not necessarily the individual to whom the record pertains), if upon such disclosure notification is transmitted to the last known address of the individual to whom the record pertains.

(2) The authority to disclose information without the written consent of the individual does not imply mandatory disclosure. The Department shall continue to consider all relevant factors before authorizing the disclosure of information, including the effect that disclosure would have upon the individual who is the subject of the record.

(f) When a record has been amended or a requested amendment thereto has been denied, and the requester has submitted a memorandum of disagreement, the amended information, or the memorandum of disagreement, must be transmitted to prior recipients as provided in 5 U.S.C. 552a(d)(4) and § 70a.9(f) of this part.

(g) Except as prescribed in paragraphs (d) and (f) of this section, and other provisions of this part related thereto, the regulations contained in this part do not require the disclosure of a record to anyone other than the individual to whom the record pertains.

§ 70a.4 Required procedure with regard to a request by an individual for a record contained within a system of records.

(a)(1)(i) Any individual, regardless of age, desiring to examine or copy records of the Department of Labor which are retrieved in the name of that individual or other identifier personal to that individual shall direct a request to the appropriate official as prescribed in (d) of this section. Any individual desiring to ascertain whether, and to whom the Department has disclosed his or her record or part thereof, or deserving to request an amendment to such record, shall direct a request to the same official.

(ii) When a person is uncertain as to whom the request should be directed, it should be sent to: Deputy Assistant Secretary, Office of the Assistant Secretary for Administration and Management, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210.

(2) Requests made in person shall be presented during the Department's normal working hours. When the request is made by mail, a notation should be made on the envelope and conspicuously on the letter indicating that the communication involves a request under the Privacy Act (i.e., "Privacy Act Request").

(b) Each request shall be in writing. It shall state the nature of the action desired and shall be reasonably detailed to permit identification and location of the record in question. so far as practicable, the request should specify the subject matter of the record, the date or approximate date when made, the place where made, the person or office that made it, and any other pertinent identifying details. The requester should also indicate whether he or she wishes to review the record in person or obtain a copy by mail.

(c)(1) The disclosure officer who is responsible for acting upon a request shall, upon receipt thereof, have the date and time the request was received immediately inscribed thereon, and within 10 working days thereafter, acknowledge such receipt to the requester. In addition, the acknowledgement shall indicate the time within which it is anticipated that a determination of the request will be made. Such an acknowledgement, however, is not required when a determination can be made within the 10-day period.

(2) If the description contained in the request is insufficient so that a professional employee who is familiar with the subject area of the request cannot locate the record with a reasonable amount of effort, the officer

processing the request shall notify the applicant and, to the extent possible, indicate the additional information required. Every reasonable effort shall be made to assist an applicant in the identification and location of the record or records sought.

(d)(1) The titles of the responsible officials of the various independent agencies in the Department of Labor are listed below. Unless otherwise specified, the mailing address of these officials shall be:

U.S. Department of Labor, 200 Constitution Avenue, NW., Washington, D.C. 20210

Chief, Administrative Law Judge.
Chairperson, Employees Compensation Appeals Board.
Benefits Review Board, Julius Miller, Member.
Executive Assistant to the Secretary.
Executive Assistant to the Under Secretary.
Deputy Under Secretary for International Labor Affairs.
Associate Deputy Under Secretary for International Labor Affairs.
Associate Deputy Under Secretary for Trade and Adjustment Policy.
Director, Office of Information, Publication and Reports.
Executive assistant to the Assistant Secretary for Policy, Evaluation and Research.
Deputy Solicitor, Office of the Solicitor.
Assistant Secretary for Administration and Management.
Administrative Information Chief, Division of Management Systems, Bureau of Labor Statistics.
Staff Utilization Chief, Division of Operation, Bureau of Labor Statistics.
Executive Assistant to Deputy Commissioner for Statistical Operations and Processing, Office of Statistical Operations and Processing, Bureau of Labor Statistics.
Assistant Secretary for Labor-Management Relations.
Assistant Administrator for Field Operations, LMSA.
Director, Office of Labor-Management Relations Services.
Director, Office of Labor-Management Policy Development.
Director, Office of Labor-Management Standards Enforcement.
Director, Office of Veterans' Reemployment Rights.
Director, Office of Federal Labor-Management Relations.
Deputy Administrator of Pension and Welfare Benefit Program, Office of Employee Benefits Security.
Director, Office of Administration and Management, LMSA.
Director, Office of Planning, Evaluation and Systems, LSMA.
Director, Office of Personnel Management.
Assistant Director, Office of Personnel Management.
Assistant Regional Director for Labor-Management Services.
Assistant Secretary for Employment Standards, Employment Standards Administration.
Director, Office of Workers' Compensation Programs.
Associate Director for Federal Employees' Compensation.
Associate Director for Longshore and Harbor Workers' Compensation.
Administrator, Wage and Hour Division.
Director, Office of Federal Contract Compliance Programs.
Associate Director, OFCCP, Agency Compliance Divisions I-IV.
Associate Director, OFCCP, Policies, Plans and Programs.
Associate Director, OFCCP, Construction Compliance Division.
Associate Director, OFCCP Management Support Staff.
Associate Director, OFCCP, Veterans and Handicapped Workers Program Operations Division.
Director, Women's Bureau.
Director, Office of Administrative Management, ESA.
Director, Office of Program Development and Accountability, ESA.
Director, Office of Information for ESA.
Executive Assistant to the Assistant Secretary, Occupational Safety and Health Administration.
Special Assistant for Public Affairs, OSHA.
Director, Office of Federal Agency Safety Programs, OSHA.
Director, Office of Training and Education, OSHA.
Director, Office of Standards Development, OSHA.
Director, Office of Compliance Programming, OSHA.
Director, Office of State Programs, OSHA.
Director, Office of Field Performance Analysis, OSHA.
Director, Office of Employee Self-Inspection and Consultation Programs, OSHA.
Director, Office of Management Data systems, OSHA.
Director, Office of Planning, Evaluation, and Research, OSHA.
Equal Employment Opportunity Officer, OSHA.
Director, Office of Personnel Management, OSHA.
Director, Office of Administrative Management, OSHA.
Director, Office of Financial Management, OSHA.

Director, Office of Publications and Visual Aids, OSHA.

Committee Management Officer, OSHA.

Associate Assistant Secretary for Regional Programs, OSHA.

Associate Assistant Secretary for National Programs, OSHA.

Associate Assistant Secretary for Administrative Programs, OSHA.

(2) The mailing address for the responsible officials in the Employment and Training Administration is the Patrick Henry Building, 601 D Street, NW., Washington, D.C. 20213.

Director, Office of Program and Management Service, USES, Room 8430.

Administrative Officer, USES, Room 8001.

Director, program and Management Services Staff, Office of Comprehensive Employment Development, Room 6000.

Executive Assistant to the Administrator, Office of Comprehensive Employment Development, Room 6000.

Deputy Director, Office of Community Employment Programs, Room 5402.

Special Assistant to the Director, Office of Community Employment Programs, Room 5402.

Program Analyst, Office of Work Incentive Programs, Room 5200.

Manpower Development Specialist, Office of Work Incentive Programs, Room 5118.

Chief, Corpsmember Support, Job Corps, Room 6122.

Manpower Development Specialist, Job Corps, Room 6022.

Deputy Director, Office of National Programs, Room 6402.

Chief, Migrant Workers Service, Office of National Programs, Room 7122.

Chief, Division of Indian and Native American Programs, Office of National Programs, Room 6102.

Chief, Division of National Training Programs, Office of National Programs, Room 6308.

Chief, Division of Contracting Service, Office of National Programs, Room 6406.

Administrator, Office of Policy, Evaluation and Research, Room 9000.

Manpower Analyst, Office of Policy, Evaluation and Research, Room 9424.

Administrator, Bureau of Apprenticeship and Training, Room 5000.

Management Officer, Bureau of Apprenticeship and Training, Room 5434.

Chief, Division of Directives Control, Office of Field Operation, Room 10020.

Program Analyst, Office of Field Operation, Room 10014.

Director, Office of Management Information Systems, Office of Administration and Manegement, Room 4400.

Supervisory Program Analyst, Office of Administration and Management, Room 4000.

Program Specialist, Unemployment Insurance Service, Room 7326.

Special Assistant to the Director, Unemployment Insurance Service, Room 7000.

(3) The titles of the responsible officials in the field offices of the various independent agencies are listed below. Unless otherwise specified, the mailing addresses for these officials, by regions, shall be:

Region I: J.F.K. Building, Government Center, Boston, Massachusetts 02203.

Region II: 1515 Broadway, New York, New York 10036.

Region III: 3535 Market Street, Philadelphia, Pennsylvania 19104.

Region IV: 1371 Peachtree Street, N.E., Atlanta, Georgia 30309.

Region V: 230 South Dearborn Street, Chicago, Illinois 60604.

Region VI: 555 Griffin Square Building, Griffin and Young Streets, Dallas, Texas 75202.

Region VII: Federal Office Building, 911 Walnut Street, Kansas City, Missouri 64106.

Region VIII: Federal Office Building, 1961 Stout Street, Denver, Colorado 80202.

Regional IX: Federal Building, 450 Golden Gate Avenue, San Francisco, California 94102.

Region X: 909 First Avenue, Seattle, Washington 98174.

OFFICE OF THE UNDER SECRETARY, REGIONAL DIRECTORS

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT, ASSISTANT REGIONAL DIRECTORS

Assistant Regional Director for Audit. (All Regions.)

OFFICE OF INFORMATION, PUBLICATIONS AND REPORTS

Assistant Regional Director for Regions I-IX.

Region X: Assistant Regional Director for Information, 1321 Second Avenue, Arcade Plaza, Seattle, Washington.

Associate Assistant Regional Director, Federal Building, 300 North Los Angeles Street, Los Angeles, California.

EMPLOYMENT AND TRAINING ADMINISTRATION

Region I: Acting Regional Administrator for Employment and Training, Room 1707.

Region I: Deputy Regional Administrator for Employment and Training, Room 1707.

Region I: Associate Regional Administrator for Administration and Management Services, Room 1712.
Region I. Program Analyst, Room 3724.
Region III: Chief, Division of Administrative Support, Room 13464, Gateway Building, P.O. Box 8796, Philadelphia, Pennsylvania 19101.
Region III: Alien Employment Certifying Officer, Room 13180, Gateway Building.
Region IV: Chief, Manpower Data Systems and Analysis, Room 405.
Region IV: Regional Economist, Room 405.
Region V: Chief, Contract Specialist, 6th Floor.
Region VI: Supervisory Contract Specialist, Room 316.
Region VII: Supervisory Contract Specialist, Room 800.
Region VII: Contract Specialist, Room 800.
Region VIII: Executive Assistant to the Regional Administrator for Employment and Training, Room 16018.
Region IX: Executive Assistant to the Regional Administrator for Administration and Management Services, Room 9062.
Region IX: Contract Specialist, Room 9057A.
Region X: Executive Assistant to the Regional Administrator for Administration and Management Services, Room 1136.
Region X: Associate Regional Administrator for Program and Technical Services, Room 1094.

LABOR-MANAGEMENT SERVICES

Assistant Regional Directors for Labor-Management Services.
Regions II, III, IV, V, VII and IX.

AREA DIRECTORS FOR LABOR-MANAGEMENT SERVICES

1371 Peachtree Street, N.E., Room 303, Atlanta, Georgia 30309.
111 North Calvert Street, Room 203, Baltimore, Maryland 21202.
100 Tremont Street, Room 211, New Studio Building, Boston, Massachusetts 02108.
111 West Huron Street, Room 616, Federal Building, Buffalo, New York 14202.
230 South Dearborn Street, Room 700, Federal Office Building, Chicago, Illinois 60604.
1240 East 9th Street, Room 821, Federal Office Building, Cleveland, Ohio 44199.
P.O. Box 239, Bryan and Ervay Streets, Room 301, Post Office Building, Dallas, Texas 75221.
1961 Stout Street, 2320 Federal Office Building, Denver, Colorado 80202.
234 State Street, Room 1906, Washington Boulevard Building, Detroit, Michigan 43226.
1833 Kalakaua Avenue, Room 601, Honolulu Hawaii 96315.
911 Walnut Street, Room 2200, Federal Office Building, Kansas City, Missouri 64106.
300 North Los Angeles Street, Room 7731, Federal Building, Los Angeles, California.
18350 Northwest Second Avenue, P.O. Box 3750, Norland Branch, Miami, Florida 33169.
110 South Fourth Street, Room 110 Federal Courts Building, Minneapolis, Minnesota 55401.
1808 West End Building, Room 825, Nashville, Tennessee 37203.
9 Clinton Street, Room 305, Newark, New Jersey 07102.
600 South Street, Room 940, Federal Office Building, New Orleans, Louisiana 70130.
26 Federal Plaza, Room 1751, New York, New York, 10007.
600 Arch Street, Room 4256, Federal Office Building, Philadelphia, Pennsylvania 19106.
1000 Liberty Avenue, Room 1436, Federal Office Building, Pittsburgh, Pennsylvania 15222.
210 North Twelfth Boulevard, Room 570, St. Louis, Missouri 63101.
100 McAllister Street, Room 1604, San Francisco, California 94102.
605 Condado Avenue, Room 704, Condominio San Alberto, Santurce, Puerto Rico 00907.
506 Second Avenue, Room 3391. Smith Tower Building, Seattle, Washington 98104.
1111 20th Street, NW. P.O. Box 19257, Room 509 Vanguard Building, Washington, D.C. 20036.

THE EMPLOYMENT STANDARDS ADMINISTRATION

Assistant Regional Administrator for Wage and Hour Division: All Regions.
Assistant Regional Administrator for Office of Federal Contract Compliance Programs: All Regions.
Assistant Regional Administrator for Women's Bureau: All Regions.
Assistant Regional Administrator for Program Development and Accountability: All Regions.

OFFICE OF WORKERS' COMPENSATION PROGRAMS—DEPUTY COMMISSIONER

147 Milk Street, Boston, Massachusetts 02109.
1515 Broadway, New York, New York 10036.
3535 Market Street, Philadelphia, Pennsylvania 19104.
Charles Center South, 31 Hopkins Plaza, Baltimore, Maryland 21201.
Stanwick Building, 3661 Virginia Beach, Boulevard, East Norfolk, Virginia 23502.
400 West Bay Street, Box 35049, Jacksonville, Florida 32202.

Federal Office Building, 600 South Street, New Orleans, Louisiana 70130.
2320 LaBranch Street, Houston, Texas 77004.
1240 East Ninth Street, Room 879, Cleveland, Ohio 44199.
230 South Dearborn Street, Chicago, Illinois 60604.
1910 Federal Office Building, 911 Walnut Street, Kansas City, Missouri 64106.
1531 Stout Street, Room 303, Denver, Colorado 80202.
450 Golden Gate Avenue, Box 36022, San Francisco, California 94102.
Federal Office Building, 909 First Street, Seattle, Washington 98174.
1833 Kalakaua Avenue, Room 610, Honolulu, Hawaii 96315.
McLachlen Building, Room 405, 616 11th Street, N.W., Washington, D.C. 20211 (FECA).
812 Connecticut Avenue, N.W., Washington, D.C. 20211 (DCCA).
Director, Condominio San Alberto Building, 7th Floor, 120 Ponce de Leon Avenue, Santurce, Puerto Rico 00907.

Occupational Safety and Health Administration

Director, OSHA Training Institute, 10600 West Higgins Road, Rosemont, Illinois 60018.

ASSISTANT REGIONAL DIRECTORS

Region I, 18 Oliver Street, Boston, Massachusetts 02110.
Regions II, III, IV, V, VI, VII, VIII and IX.
Region X, 1803 Smith Tower Building, 506 Second Avenue, Seattle, Washington 98104.

AREA DIRECTORS

Custom House Building, Room 703, State Street, Boston, Massachusetts 02109.
Federal Building, Room 426, 55 Pleasant Street, Concord, New Hampshire 03301.
Federal Building, Room 617B, 450 Main Street, Hartford, Connecticut 06103.
U.S. Post Office and Courthouse Building, 436 Dwight Street, Room 561, Springfield, Massachusetts 01103.
373 Old Country Road, Garden City, L.I., New York 11530.
90 Church Street, Room 1405, New York, New York 10007.
970 Broad Street, Room 1435C, Newark, New Jersey 07102.
605 Condado Avenue, Room 328, Santurce, Puerto Rico 00907.
Midtown Plaza, Room 203, 700 East Water Street, Syracuse, New York 13210.
Railway Labor Building, Room 411, 400 1st Street, N.W., Washington, D.C. 20210.
Federal Building, Room 1110A, Charles Center, 31 Hopkins Plaza, Baltimore, Maryland 21201.
Charleston National Plaza, 700 Virginia Avenue, Room 1726, Charleston, West Virginia 25301.
Jonnet Building, Room 802, 4099 William Penn Highway, Monroeville, Pennsylvania 15146.
William J. Green, Jr., Federal Building, Room 4456, 600 Arch Street, Philadelphia, Pennsylvania 19106.
Federal Building, Room 8015, P.O. Box 10186, 400 North 8th Street, Richmond, Virginia 23240.
Todd Mall, 2047 Canyon Road, Birmingham, Alabama 35216.
1710 Gervais Street, Room 205, Columbia, South Carolina 29201.
Bridge Building, Room 204, 3200 East Oakland Park Boulevard, Ford Lauderdale, Florida 33308.
57601-55 North Frontage Road East, Jackson, Mississippi 39211.
Art Museum Plaza, Suite 4, 2809 Art Museum Drive, Jacksonville, Florida 32207.
600 Federal Place, Suite 554-E, Louisville, Kentucky 40202.
Riverside Plaza Shopping Center, 2720 Riverside Drive, Macon, Georgia 31204.
Commerce Building, Room 600, 118 North Royal Street, Mobile, Alabama 36602.
1600 Hayes Street, Suite, 302, Nashville, Tennessee 37203.
Federal Office Building, Room 406, 310 New Bern Avenue, Raleigh, North Carolina 27601.
Enterprise Building, Suite 204, 6605 Abercon Street, Savannah, Georgia 31405.
650 Cleveland Street, Room 44, Clearwater, Florida, 33515.
Building 10, Suite 33, La Vista Perimter Office Park, Tucker, Georgia 30084.
230 South Dearborn Street, 10th Floor, Chicago, Illinois 60604.
Federal Office Building, Room 4028, 550 Main Street, Cincinnati, Ohio 45202.
Federal Office Building, Room 847, 1240 East 9th Street, Cleveland, Ohio 44199.
360 South 3rd Street, Room 109, Columbus, Ohio 43215.
Michigan Theatre Building, Room 626, 220 Bagley Avenue, Detroit, Michigan 48226.
U.S. Post Office and Courthouse, 46 East Ohio Street, Room 423, Indianapolis, Indiana 46202.
Clark Building, Room 400, 633 West Wisconsin Avenue, Milwaukee, Wisconsin 53203.
110 South 4th Street, Room 437, Minneapolis, Minnesota 55401.
Federal Building, Room 302, 421 Gold Avenue SW., P.O. Box 1428, Albuquerque, New Mexico 37103.
Adolphus Tower, Suite 1820, 1412 Main Street, Dallas, Texas 75202.
2320 LaBranch Street, Room 2118, Houston, Texas 77004.

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Federal Building, Room 421, 1205 Texas Avenue, Lubbock, Texas 79401.
Donaghey Building, Room 526, 103 East 7th Street, Little Rock, Arkansas 72201.
546 Carodelet Street, Room 202, New Orleans, Louisiana 70130.
Petroleum Building, Room 512, 420 South Boulder, Tulsa, Oklahoma 74103.
1015 Jackson Keller Road, Room 122, San Antonio, Texas 78213.
210 Walnut Street, Room 643, Des Moines, Iowa 50309.
1627 Main Street, Room 1100, Kansas City, Missouri 64108.
113 West Sixth Street, North Platte, Nebraska 69101.
Harney & 16th Street, Room 803, City National Bank Building, Omaha, Nebraska 63102.
210 North 12th Boulevard, Room 554, St. Louis, Missouri 63101.
Petroleum Building, Suite 312, 221 south Broadway Street, Wichita, Kansas 67202.
Petroleum Building, Suite 525, 2812 First Avenue North, Billings, Montana 59101.
Squire Plaza Building, 8527 West Colfax Avenue, Lakewood, Colorado 80215.
U.S. Post Office Building, Room 452, 3501 South Main Street, Salt Lake City, Utah 84101.
Courthouse Plaza Building, Room 408, 300 North Dakota Avenue, Sioux Falls, South Dakota 57102.
1100 East William Street, Carson City, Nevada 89701.
333 Queen Street, Suite 505, Honolulu, Hawaii 96813.
Hartwell Building, Room 401, 19 Pine Avenue, Long Beach, California 90802.
Amerco Towers, Suite 318, 2721 North Central Avenue, Phoenix, Arizona 85004.
100 McAllister Street, Room 1706, San Francisco, California 94102.
Federal Building, Room 227, 605 West Fourth Avenue, Anchorage, Alaska 99051.
121 107th Street, N.E., Bellevue, Washington 98004.
228 Idaho Building, 216 North Eighth Street, Boise, Idaho 83702.
Pittock Block, Room 526, 921S West Washington Street, Portland, Oregon 97205.

DISTRICT SUPERVISORS

Federal Building, Room 503A, U.S. Courthouse, Providence, Rhode Island 02903.
Stanwick Building, Room 111, 3661 Virginia Beach Boulevard, Norfolk, Virginia 23502.
600 Leopard Street, Suite 1322, Corpus Christi, Texas 78401.

§ 70a.5 Requirements for identification of individuals making requests.

(a) To avoid disclosure of information to unauthorized individuals, where an individual requests personal information about himself or herself, and such information is retrieved from a system of records by means of a personal identifier, and the record(s) requested are excluded from mandatory disclosure under the Freedom of Information Act, the following requirements must be met before the disclosure officer releases the relevant information:

(1) When a request is submitted by mail, the signature of the requester shall be notarized;

(2) When a request is made in person, an official photograph accurately depicting the requester, and indicating the requester's name (e.g., government ID, driver's license, college ID, etc., shall be presented to the disclosure officer or his authorized representative, or if an official photograph is not available, a photograph accompanied by a notarization certifying the name of the individual in the photograph.

(b) When a person, other than an officer or employee of the Department with a need to know, requests access to a record about an individual other than himself or herself, then in addition to meeting the requirements set forth in paragraphs (a)(1) and (a)(2) of this section, as applicable, the requester must also provide a notarized letter of consent signed by the individual to whom the record pertains which explicitly authorizes the requester to receive the record. A notarized letter of consent is not required where the requester is a parent or legal guardian, and such person satisfies the requirements set forth in paragraph (c) of this section.

(c) An individual acting as the parent of a minor or the legal guardian of the individual to whom a record pertains shall establish his or her personal identity in the same manner prescribed in either paragraph (a) (1) or (2) of this section. In addition, such other individual shall establish his or her identity in the representative capacity of parent or legal guardian. In the case of the parent of a minor, the proof of identity shall be a certified or authenticated copy of the minor's birth certificate. In the case of a legal guardian of an individual who has been declared incompetent due to physical or mental incapacity or age by a court of competent jurisdiction, the proof of identity shall be a certified or authenticated copy of the court's order. A parent or legal guardian may act only for a living individual, not for a decedent.

(d) The disclosure officer may waive the requirements set forth in paragraphs (a), (b) and (c) of this section when he deems such action to be appropriate, and may substitute in lieu thereof, other reasonable means of identification.

§ 70a.6 Disclosure of requested information to individuals.

(a) *Period within which action on request shall be taken.* (1)(i) As soon as possible, and within a period not to exceed 30 working days after receipt of a request made in accordance with §§ 70a.4 and 70a.5 of this part, the officer responsible for acting on the request shall determine that such request is to be granted or denied in whole or in part, and shall thereupon immediately notify the requester of his or her determination and, in the case of a denial the reasons therefor. The provisions of paragraphs (a) (2) and (3) of this section are applicable when a final determination to grant or deny the request cannot be made within the 30-day period.

(2)(i) When, because of unusual circumstances it appears that a determination may not be feasible within the 30-day period, the disclosure officer shall submit in writing to the Solicitor a request for an extension of time. The request for extension shall set forth the reasons why the disclosure officer believes it is not possible to make a determination within the 30-day period. The Solicitor shall determine within 5 working days after receipt of such request whether to grant the extension. "Unusual circumstances" shall include circumstances where a search for a collection of requested records from inactive storage, field facilities or other establishments are required, cases where a voluminous amount of data is involved, instances where information on other individuals must be separated or expunged from the particular record, and cases where consultation with other agencies having a substantial interest in the determination of the request is necessary.

(ii) When the Solicitor agrees that an extension is necessary because of unusual circumstances and grants an extension of time, the officer responsible for acting on the request shall notify the requester in writing within the 30-day period of the extension, the reasons therefor, and the date on which the determination to grant or deny the request is expected to be dispatched. No extension is to exceed 10 working days.

(iii) If the disclosure officer is unable to make a determination with respect to all or part of a request within the 30-day period specified in paragraph (a)(1)(i) of this section, or such extended period as may be permitted, because some or all of the records have not been located or made available for examination and consideration in time to make an informed determination, the officer may, within such period, respond to the request by denying the request as to those records which are not available, with notification to the requester of the reasons therefor, and of the right to appeal the denial pursuant to § 70a.9 of this part. However, the disclosure officer shall make a determination at that time as to those records or portions of records which are available. In such an event, the officer shall advise the requester that the search or examination will be continued and that the denial will be subject to withdrawal, modification, or confirmation by a supplementary determination to be made as soon as processing of the request can be completed. if an appeal is filed from the initial denial, the Solicitor shall act thereon as provided in § 70a.9 of this part.

(b) *Procedure for disclosure of information.* (1) When a determination has been made to grant a request, the requested information shall be made available to the individual within the time period prescribed in paragraph (a) of this section. The record shall be made available to the individual in the manner requested, that is, either by forwarding a copy of the information to him or her, or by making it available for review, unless: (i) It is impracticable to provide the requester with a copy of a record, in which case the requester shall be so notified, and, in addition, be informed of the procedures set forth in paragraph (b)(2) of this section, or (ii) the responsible official has reason to believe that the cost of a copy of a record is considerably more expensive than anticipated by the requester, in which case he or she shall notify the requester of the estimated cost, and ascertain whether the requester still wishes to be provided with a copy of the information.

(2) Where a record is to be reviewed by the requester in person, the disclosure officer shall inform the requester in writing of: (i) The date on which the record will become available for review, the location at which it may be reviewed, and the hours for inspection; (ii) the type of identification that will be required in order for him or her to review the record; (iii) such person's right to have a person of his or her own choosing accompany him or her to review the record; and (iv) such person's right to have a person other than himself or herself review the record.

(3) The record shall be made available for review for as long as the disclosure officer deems appropriate, but in no event for less than 30 days.

(4) Inspection of original records shall be made in the presence of the disclosure officer or such officer's designee.

(c) *Denial of request.* Where it has been determined to deny a request in whole or in part, the individual shall be notified in writing of such a determination. Such notification shall specify the reasons therefor, the name and title or position of the person(s) responsible for the denial, and shall advise the requester of the procedure for appealing such an adverse determination to the Solicitor of Labor.

(d) *Medical records.* When an individual requests medical records concerning himself, which are not otherwise exempt from disclosure, the disclosure officer shall, if deemed necessary, because of possible harm to the individual, advise the individual that records will be provided only to a physician designated in writing by the individual. Upon receipt of the designation, the disclosure officer will permit the physician to review the records or to receive copies of the records by mail, upon proper verification of identity. The determination of which records should be made available directly to the individual and which records should not be disclosed because of possible harm to the individual shall be made by the physician.

(e) *Computerized records.* Where information is stored within one of the Department's computer systems, and it can only be retrieved by creating a new computer program, or modifying an existing program in a manner in which it would not otherwise be modified, thus producing a record not currently in existence, the record is not required to be furnished under the Act.

(f) *Alternative Method for transmitting information.* Whenever a record containing personal information about an individual is to be mailed in response to a request under this part, and the information is of such a nature that the disclosure officer has reasonable grounds for believing that the unauthorized dissemination of such information may be of significant harm to the subject of the record, then such a record shall be sent "Certified Mail, Return Receipt Requested."

§ 70a.7 Request for correction or amendment to a record.

An individual, without regard to his or her age, may request the correction or amendment of any record pertaining to him or her, which is contained within a system of records subject to the requirements set forth in this part, by mailing or delivering a written request in conformity with the requirements set forth in §§ 70a.4 and 70a.5 of this part. In addition, the request must state the information in the record which the requester believes to be unnecessary, inaccurate, irrelevant, untimely, or incomplete, the nature of the amendment desired, and a concise statement of the reasons therefor. All available supporting documents and materials which substantiate the requester's position should be included with the request.

§ 70a.8 Agency review of request for correction or amendment to a record.

(a) Upon receipt of a request to correct or amend a record, which is contained within a system of records subject to the requirements set forth in this part, a determination whether to grant the request shall be made by the proper authority charged with the responsibility of acting upon such requests within the time limits prescribed in § 70a.6 of this part.

(b) Where it is determined that the request shall be granted in whole or in part, (1) the record shall be amended within the time limits prescribed in § 70a.6 of this part, and, in no event, is the record to be disclosed to any party until the amendments are so incorporated; (2) the requester shall be informed that the record has been so amended, and the record shall be made available for his or her review within the time limits prescribed in § 70a.6 of this part and (3) all prior recipients of the record, of which an accounting is required to be kept, shall be notified as soon as possible of the amendments made to the record.

(c) Where it is determined that the request is to be denied, in whole or in part, the requester shall be so notified in accordance with § 70a.6(c) of this part.

§ 70a.9 Procedures for appeal from initial adverse determination.

(a) *Time within which appeal must be filed.* An applicant whose request for access, copying, amendment or correction of a record has been denied pursuant to this part may file an appeal within 90 days from the date of the denial to the Solicitor of Labor. The appeal shall state, in writing, the grounds for appeal and shall include any supporting statements or arguments. The appeal shall be addressed to the Solicitor of Labor, Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. To expedite the processing of the appeal, each such appeal should clearly indicate on the envelope and on the appeal the following: "Privacy Act: Appeal."

(b) *Receipt by Solicitor of appeal; acknowledgment.* Each appeal when received by the Solicitor, shall have the date and time of such receipt inscribed thereon. The Solicitor shall acknowledge the receipt of such appeal in writing.

(c) *Action on appeal.* (1) Action on an appeal shall be taken promptly subsequent to receipt by the Solicitor, and a determination shall be made within 30 working days from receipt thereof. Where the Solicitor determines that a decision cannot be made with the 30-day period, the appellant shall be so notified, however, a decision shall be rendered within 40 days of the initial receipt of the appeal.

(2) On appeal, the Solicitor is authorized to determine de novo, whether the denial of appellant's initial request was proper and in accord with the applicable provisions of the statute and the pertinent regulations. In the event that the denial appealed from is one made by reason of the inability of the responsible official to make an informed determination within the specified time limits, the Solicitor's decision shall take into consideration any supplementary determination made by that official.

(3) In the event that a requester seeks review by a court of the denial of a request without first filing an appeal to the Solicitor as provided in this part, the Solicitor may, unless otherwise ordered by the court, consider such action as the filing of an appeal and issue a decision thereon in accordance with the provisions of this paragraph.

(4) If a decision on an appeal is not made by the Solicitor within the normal or extended period, as applicable under paragraph (c) of this section, the requester shall be deemed to have exhausted his or her administrative remedies and may seek relief as provided in 5 U.S.C. 552a(g). Processing of the appeal shall continue however, until a decision is made thereon, irrespective of whether the requester has invoked such judicial relief.

(d) *Procedure upon determination on appeal.* The Solicitor shall issue a decision in writing granting or denying the appeal, in whole or in part.

(1) *Decision to grant request.* (i) When the Solicitor determines that any portion of a prior request, which has been previously denied, should be

granted, he shall indicate to the requester the extent to which he has decided to grant the previously denied request, and shall order the responsible official(s) to take the necessary action consistent with his decision.

(ii) If the Solicitor's decision provides for making available information which had been previously withheld, and the Solicitor has within his possession such information, he shall forward a copy of it to the requester together with his decision, unless the requester has indicated that he or she prefers to review the record in person, in which case the Solicitor shall forward the record to the appropriate official who shall make the record available to the requester within 10 working days.

(iii) If the action required by the Solicitor's decision must necessarily be carried out by a responsible official other than the Solicitor, such action shall be carried out within the following time limits:

(A) If the Solicitor's decision requires a record to be made available for review without amendments thereto, such record shall be made available in the manner initially requested, except as provided in § 70a.6(b)(1) (i) and (ii), within 10 working days of the Solicitor's decision.

(B) If the Solicitor's action requires the amendment of a record, the requester shall be given an opportunity to review the amended record within 15 working days of the Solicitor's decision. All previous recipients of the record, for which an accounting is required, shall be informed of the amendments immediately after the review by the requestor.

(iv) Whenever a record is to be made available to an appellant at the direction of the Solicitor, the responsible agency official shall notify the appellant when the record is available for review.

(2) *Decision to uphold denial.* Where the Solicitor determines that the denial of a request, or a portion thereof, should be upheld, the requester shall be notified: (i) Of the extent to which the denial has been upheld and the reasons therefor; (ii) of his right to file with the agency in possession of the relevant record, a memorandum setting forth the fact that such person believes the record to be erroneous and the reasons therefor; and (iii) that the decision of the Solicitor constitutes the final action by the Department of Labor for purposes of judicial review, and that the Solicitor's decision may be appealed to the District Court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records are situated, or in the U.S. District Court for the District of Columbia.

(3) *Disclosure of record where request to amend has been denied on appeal.* Where a request to amend a record has been denied by the Solicitor, and the requester has filed a memorandum pursuant to (d)(2)(ii) of this section taking exception to the Solicitor's decision, upon receipt of such memorandum the responsible agency official shall include the memorandum with the relevant record and, in addition, may also include with such record a memorandum indicating that a request to amend the particular record has been denied both by the agency and by the Solicitor, and the reasons therefor.

(i) In addition, previous recipients of a record, where a request to amend has been denied by the Solicitor, and of which an accounting is required by 5 U.S.C. 552a(c), shall be provided with a copy of the requester's memorandum taking exception to the Solicitor's determination, and a copy of the agency memorandum in support of the determination, if such a memorandum has been prepared.

(ii) Any subsequent disclosure of the subject record shall also be accompanied by the requester's excepting memorandum, and the Government's supportive memorandum, if one has been filed.

§ 70a.10 Solicitation of social security numbers.

(a) Neither the Department nor its component units shall deny to any individual any right, benefit or privilege provided by law because of such individual's refusal to disclose his social security number.

(b) The requirement set forth in paragraph (a) of this section shall not apply with respect to the disclosure of a social security number to the Department, or a component unit thereof, for inclusion in systems of records which were in existence prior to January 1, 1975, and such disclosure was required by statute, Executive Order or regulation adopted prior to January 1, 1975, to verify the identity of an individual.

(c) Each component unit of the Department that requests an individual to disclose his social security number shall provide the individual, in writing, with the following information:

(1) The use or uses that may be made of the social security number;

(2) The statute or authority under which the social security number is solicited;

(3) Whether the disclosure of the social security number is mandatory or voluntary; and

(4) The consequences, if any, to an individual should he or she refuse to disclose the number.

§ 70a.11 Fees.

(a) *General.* (1) Pursuant to authority granted by the Privacy Act, the payment of standard charges as set forth in paragraph (b) of this section will, except as otherwise provided in this section, be required of the requester to cover the direct costs of duplicating records requested under this part. No fee shall be assessed to any requester for any cost attributed to the search for and the review of any record.

(2) Circumstances under which copying facilities or services may be made available to a requester without charge, or at a reduced charge, are delineated in paragraph (e) of this section. Where a requester desires the agency to provide such services as certification, authentication, or other special services not required under the Privacy Act, with respect to requested records, fees in addition to those required for copying will be assessed as set forth in § 70.68 of this Chapter, and as authorized by the general user-charge statute, section 483a of Title 31, United States Code.

(b) *Copying charges*—(1) *Fee schedule for copying of records.* The fees payable pursuant to this section for obtaining requested copies of records which have been made available under this part will be computed on the following basis and subject to the following conditions:

(i) *Standard copying fee.* The standard copying fee is $0.10 for each 8½ by 11 inch page of record furnished. The standard fee is applicable both where the copies are reproduced by the person desiring them, using Government-furnished reproduction equipment, such as coin-operated machines, or where, in the absence of availability of such facilities, the copies are reproduced by agency personnel. This standard fee is also applicable to the furnishing of copies of computer printouts as stated in paragraph (c) of this section.

(ii) *Voluminous material.* If the volume of page copy desired by the requester is such that the reproduction charge at the standard page rate would be in excess of $200, the person desiring reproduction may request a special rate quotation from the Office of the Assistant Secretary for Administration and Management.

(iii) *Limit of service.* Not more than 10 copies of any document will be furnished, unless the requester has received the prior written approval of the Assistant Secretary for Administration and Management.

(iv) *Manual copying by requester.* The Department shall provide facilities for manual copying, without charge, during normal working hours.

(c) *Computerized records.* (1) Information maintained, in whole or in part, in computerized form which is required to be made available under this part, shall be made available as follows:

(i) When there is an existing computer printout, the material shall be made available at the per page rate stated in paragraph (b) of this section for each 8½ by 11 inch page.

(ii) When there is no existing printout of information required to be made available under this part, then the information shall be printed out and made available to the requester in

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accordance with paragraph (b) of this section.

(d) *Payment of fees*—(1) *Medium of payment.* Payment of the applicable fees as set forth in paragraph (b) of this section shall be made in cash, by U.S. postal money order, or by check payable to the Department of Labor. Postage stamps will not be accepted. Cash should not be sent by mail.

(2) *Advance payment or assurance*—Payment of the known and officially estimated copying fees shall be made or assured to the satisfaction of the disclosure officer prior to the performance of substantial copying services. Where the requester does not know and has no official estimate of the copying costs at the time the request is made, the request should specifically state that whatever costs will be involved pursuant to paragraph (b) of this section will be acceptable, or will be acceptable up to an amount not exceeding a named figure. When it becomes apparent that the duplication cost is going to exceed such named figure, the disclosure office shall notify the requester as required by § 70a.6(b) of this part.

(3) *Adjustment of fees.* Where an estimated fee, paid by the requester in advance, exceeds the fee chargeable under the applicable schedule for the copying services actually performed, the balance will be refunded by the Department. Where the actual fees due for the services are in excess of the estimate, the requester will be required to remit the difference. In cases where the estimated costs required under the fee schedule for responding to a request are such that an advance deposit is deemed necessary, the disclosure officer shall advise the requester of the estimated costs and the need for an advance deposit. In addition, where it appears that the information sought by the requester might be made available at less cost by revision of the request, the disclosure officer shall indicate to the requester that he or she may confer with knowledgeable Department personnel, if he or she so desires, in order to reformulate the request in a manner which will reduce the fees and meet the needs of the requester.

(4) *Post-copying costs.* The scheduled fees for furnishing copies of records made available pursuant to the Act cover the costs of furnishing the copies at the place of duplication. Where the volume of page copy, or the method of transmittal requested, is such that transmittal charges incurred by the Department are in excess of $1, then the transmittal costs will be added to the copying fees set forth in paragraph (b) of this section, unless, appropriate stamps or stamped envelopes are furnished with the request, or authorization is given for collection of shipping charges on delivery.

(e) *Waiver or reduction of fees.* (1) When the disclosure officer or the appellate officer granting a request for a record determines that the waiver or reduction of the standard charge would be in the public interest, he or she may make the requested record available at no charge or at a reduced charge, whichever he or she deems to be appropriate.

(2)(i) Where a copy of a record is made available for the first time to the subject of the record or an individual designated by the subject person, then the disclosure officer shall assess no fee.

(ii) In addition, where it is determined that a person, because of special circumstances, is unable to pay the fees prescribed in paragraph (b) of this section, and it is clear that the public interest would be served by providing the requested information free of charge, then no fee shall be charged for such information.

(f) *Authentication of copies.* Requirements pertaining to the certification or attestation under seal of copies of records required to be made available under this part are the same as the requirements for authentication of copies of records under the Freedom of Information Act as set forth in § 70.68 of this chapter.

§ 70a.12 Penalties.

(a) *General.* (1) This section sets forth criminal sanctions for three violations of the Act:

(i) Unauthorized disclosure,

(ii) Failure to publish a public notice of a system of records subject to the requirements of this part and the Act, and

(iii) Obtaining access to information under false pretenses.

(2) Paragraphs (a)(1) (i) and (ii) of this section apply to employees of the Department, and pursuant to 5 U.S.C. 552a(m), certain contractor personnel for contracts agreed to on or after September 27, 1975.

(b) *Unauthorized disclosure.* Any officer or employee of the Department, who by virtue of his employment or official position, has possession of, or access to, agency records which contain individually identifiable information, the disclosure of which is prohibited by this part, and who knowing that disclosure of the specific material is so prohibited, willfully discloses the material in any matter to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

(c) *Failure to give public notice of a system of records.* Any officer or employee of the Department who willfully maintains a system of records without meeting the notice requirements of section (3)(4) of the Act shall be guilty of a misdemeanor and fined not more than $5,000.

(d) *Obtaining access to information under false pretenses.* Any person who knowingly and willfully requests or obtains any record concerning an individual from the Department of Labor under false pretenses shall be guilty of a misdemeanor and fined not more than $5,000.

§ 70a.13 Exemptions.

(a) *General exemption*—(1) *General.* Section (j) of 5 U.S.C. 552a permits certain agencies within the Department to promulgate rules in accordance with the requirements of sections 553 (b) (1), (2), and (3) (c) and (e) of Title 5, United States Code, to exempt certain systems of records from all the requirements of the Privacy Act except those set forth in paragraph (a)(3) of this section.

(2) *Systems of records which may be exempt pursuant to the general exemption.* Those types of systems of records which may be exempt from certain provisions of the Privacy Act by virtue of section (j) of 5 U.S.C. 552a are those systems which:

(i) Are maintained by an agency, or a component thereof, which performs as its principal function any activity pertaining to the enforcement of criminal laws, and

(ii) Contain information compiled for the purpose of: (A) A criminal investigation, including reports of informants and investigators associated with an identifiable individual, or (B) identifying individual criminal offenders and alleged offenders, and consists only of identifying data and notations of arrests, the nature and disposition of criminal charges, sentencing, confinement, release, and parole and probation status.

(3) *Requirements from which systems are exempt under the general exemption.* Those systems of records which qualify for the general exemption are not subject to any provisions of the Privacy Act, nor any of the provisions set forth in this part, except for the following:

(i) The conditions of disclosure required under paragraph (b) of 5 U.S.C. 552a and § 70a.3 of this part.

(ii) The requirements to account for the disclosure of records and maintain an accounting of such disclosures as set forth in sections (c)(1) and (c)(2) of 5 U.S.C. 552a;

(iii) The requirements prescribed in section (e)(4) of 5 U.S.C. 552a to publish annually in the FEDERAL REGISTER notice of the existence and character of systems of records, except that the procedures for: (A) Identifying a record, (B) gaining access to it, (C) contesting its accuracy, and (D) identifying the source of a record, need not be included in such notice;

(iv) The obligation set forth in section (e)(6) of 5 U.S.C. 552a to check for the accuracy, relevance, timeliness, and completeness of records before disclosing such records to any person other than an agency, or to the public pursuant to the Freedom of Information Act;

(v) The requirement restricting the maintenance of records pertaining to an individual's exercise of his First Amendment rights (See section (e)(7) of 5 U.S.C. 552a);

(vi) The requirement to establish rules governing the development, maintenance and safeguarding of systems of records as prescribed in sections (e)(9) and (e)(10) of 5 U.S.C. 552a;

(vii) The requirement to give notice of any new use or intended use of the information contained within a system of records prior to publication pursuant to section (e)(4)(D) of 5 U.S.C. 552a (See section (e)(11) of 5 U.S.C. 552a); and

(viii) The criminal penalties set forth in section (i) of 5 U.S.C. 552a.

(4) *Procedure required to exempt system of records under general exemption.* In order to exempt a system of records described in paragraph (a)(2) of this section from all of the provisions of the Privacy Act, excluding those provisions set forth in paragraph (a)(3) of this section, a notice must be published in the FEDERAL REGISTER in accordance with the rulemaking provisions set forth in paragraph (a)(1) of this section. Such notice shall include at least the following:

(i) The name of the system of records (i.e., the same name used in the annual notice published pursuant to section (e)(4) of 5 U.S.C. 552a, and

(ii) The specific provisions of the Act, and the regulations, from which it is proposed to exempt the system, and the reasons therefor.

(b) *Special exemption*—(1) *General.* The Department, or its component units, may promulgate rules in accordance with sections 553 (b) (1), (2) and (3) (c) and (e) of Title 5, United States Code, to exempt those types of systems of records described in paragraph (b)(2) of this section from the requirements of the Privacy Act, and the regulations of this part, set forth in paragraph (b)(3) of this section.

(2) *Systems of records which may be exempt under special exemption.* The following types of systems of records may be exempt from those provisions of the Privacy Act, and the corresponding provisions of this part, set forth in paragraph (b)(3) of this section.

(i) *Investigatory material compiled for law enforcement purposes.* (A) Systems of records containing solely investigatory material compiled for law enforcement purposes, other than systems within the scope of paragraph (a)(2) of this section, may be exempt to the extent indicated in paragraph (b)(1). However, if any individual is denied any right, privilege, or benefit, that he would otherwise be entitled to by Federal law, or for which he would otherwise be eligible, as a result of the maintenance of such material, such material shall be provided to such individual, except to the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an express promise that the identity of the source would be held in confidence, or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence.

(B) The phrase "investigatory material compiled for law enforcement purposes" is the same as that used in exemption (b)(7) of the Freedom of Information Act.

(C) (*1*) The phrase "to the extent that the disclosure of such material would reveal the identity of a source * * *" means that if a record can be disclosed in such a way as to conceal its source, a promise of confidentiality to the source is not sufficient grounds for withholding such a record. In certain cases the contents of records may be such that the identity of the source would be revealed even if the name of the source of other identifying particulars were removed (e.g., where a record contains information that could only have been furnished by one individual known to the subject). In such a case the substance of the record may be withheld to protect the identity of a source and but only to the extent necessary to do so. When any reasonable doubt exists as to whether the disclosure of a record, or a portion thereof, would reveal the identity of a confidential source then such record, or the applicable portions thereof, may be withheld.

(*2*) In no instance is paragraph (b)(2)(i)(C)(1) of this section to be applied in a manner which deprives an individual from learning of the existence of information maintained in a record about him, even though the information may have been received from a "confidential source". The fact of the record's existence and, to the maximum extent feasible, a general characterization of that record must be made known to the individual in every case. Furthermore, this section in no way precludes an individual from ascertaining the substance and source of confidential information, should that information be used to deny him a promotion in a Government job, access to classified information, or some other right, benefit or privilege for which he is entitled to bring legal action, when the Government chooses to base any part of its legal case on that information.

(ii) *Records maintained to provide protective services.* Systems of records maintained in connection with providing protective services to the President of the United States, or to other individuals pursuant to section 3056 of Title 18, United States Code, may be exempt as indicated in paragraph (b)(1) of this section. This exemption pertains to systems, the compilation of which are necessary for assuring the safety of individuals protected pursuant to 18 U.S.C. 3056, but are not within the scope of the law enforcement records exemption set forth in paragraph (b)(2)(i) of this section.

(iii) *Statistical records.* Systems of records consisting of statistical records which are required by statute to be maintained and used solely for statistical research or reporting purposes, and not used in whole or in part in making any determination about an identifiable individual, except as provided by section 8 of Title 18, United States Code, may be exempt as indicated in paragraph (b)(1) of this section. The language, "required by statute to be maintined * * * solely", means that systems of records which qualify for this exemption are those composed exclusively of records, that by statute, are prohibited from being used in any manner associated with the making of a determination about an individual to whom a particular record pertains, not merely that the agency does not use the information for such purposes.

(iv) *Investigatory material compiled for determining suitability for Federal employment.* (A) Systems of records containing only investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information may be exempt as indicated in paragraph (b)(1) of this section, but only to the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an express promise that the identity of the source would be held in confidence, or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence.

(B) Paragraph (b)(2)(iv)(A) of this section permits, among other things, the exemption of systems of records from the individual access provisions of the Act, and the corresponding provisions of this part, §§ 70a.4 through 70a.9, when disclosure of the records contained therein would cause the identity of a confidential source to be revealed, but only under the following conditions:

(*1*) The material must be maintained only for purposes of determining an individual's qualifications, eligibility or suitability for employment in the Federal civilian service, or on a Federal contract, or for access to classified material. By implication, employment would include appointments to Federal advisory committees or to membership agencies, whether or not salaried;

(*2*) The material must be relevant and necessary for making a judicious determination as to qualifications, eligibility or suitability of an individual for a particular position, and the information must be of such a nature that it can only be obtained by providing assurance to the source that his or her identity will not be revealed to the subject of the record (e.g., for "critically sensitive positions"); and

(*3*) The contents of the record, even with the removal of individual identifiers, would reveal the identity of the source.

(C) Regulations issued by the Civil Service Commission establishing procedures for when a pledge of confidentiality is to be made in order to obtain the information described in paragraph (b)(2)(iv)(A) of this section shall be complied with before this exemption is to be employed.

(D) The compilation of investigatory material with regard to Federal contracts pertains not only to investigatory material collected about individuals being considered for employment on an existing Federal contract, but also to investigatory material compiled to evaluate the capabilities of firms competing for Federal contracts.

(c) *Requirements from which systems of records may be exempt under special exemption.* A system of records which meets the requirements of paragraph (b)(2) of this section need not comply with the following provisions of the Privacy Act and the corresponding requirements set forth in this part:

(1) The requirement to make an accounting of a record available to the individual to whom it pertains at his or her request. (See section (c)(2) of 5 U.S.C. 552a);

(2) The requirement for access to records as set forth in section (d) of 5 U.S.C. 552a and §§ 70a.3 through 70a.9 of this part;

(3) The provisions of section (e)(1) of 5 U.S.C. 552a which restricts the contents of records to only such information about an individual as is relevant and necessary to accomplish the purpose of the agency; and

(4) The provisions of section (e)(4) (G), (H) and (I) of 5 U.S.C. 552a, which require the annual notice of system of records published in the FEDERAL REGISTER to set forth:

(i) The procedures whereby an individual can be notified at his request:

(A) If a system of records contains a record pertaining to him, and

(B) How that person can gain access to any record pertaining to him contained in a system of records, and how he can contest its contents; and

(ii) The categories of sources of records in the system.

(d) *Procedure required to exempt a system of records under special exemption.* In order to exempt a system of records described in paragraph (b)(2) of this section from the provisions of the Privacy Act set forth in paragraph (b)(3) of this section, and the corresponding provisions of this part, notice of intention to exempt must be published in the FEDERAL REGISTER, and such notice shall meet the requirements prescribed in paragraph (a)(4) of this section. The Department of Labor has published notice of intention to exempt the following record systems:

(1) ESA-18, Farm Labor Contractor Employee Records File is exempt under paragraph 3(k)(2) from paragraphs (c)(3), (d), (e)(4), (6), (h) and (f) of 5 U.S.C. 552a. Disclosure of information would enable subjects of the file to take action to prevent detection of illegal activities and could lead to the intimidation of informants, witnesses or their families. Except for information which would reveal the identity of a confidential source, relevant records will be made available only after a determination has been made based upon the information contained therein.

(2) OASA-3, General Investigation File is exempt under paragraphs (3)(j)(2) and 3(k) (2), (3) and (5) of 5 U.S.C. 552a. Information related to criminal investigations [3(j)(2)] is exempt from the provisions of the Act except for the requirements of paragraphs (b), (c) (1) and (2), (e)(4) (A) through (F), (e) (6), (7), (9), (10) and (11), and (i). Disclosure of information could enable the subject of the record to take action to escape prosecution and, in addition, might lead to the intimidation of witnesses, informants or their families. Other material which is exempted under 3(k) (2), (3) and (5) of the Act relates to civil law enforcement investigations, including shared information, files maintained in connection with assisting the U.S. Secret Service to provide protective services to government officials, and investigatory material compiled to determine the suitability, eligibility and qualification of DOL contractors. In the first two instances, the material is exempted from the requirements of paragraphs (c)(3), (d), (e)(4) (G), (H) and (I), and (f) of 5 U.S.C. 552a. Contract investigations are exempt from the provision of (c)(3), (d) and (f). Civil law enforcement material is exempted until such time as a determination is made based upon the information except that information which would reveal the identity of a confidential source will continue to be exempted.

Contract information is exempt to the extent that disclosure would reveal the identity of a source when an express pledge of confidentiality has been given or the circumstances indicate that confidentiality has been implied. These exemptions are necessary to preserve the integrity of the investigations and to prevent the intimidation or harassment of informants, witnesses or their families.

(3) LMSA-1, Index Cards. Division of Enforcement relates to investigations under the Labor-Management Reporting and Disclosure Act and E.O. 11441. This system is exempt and paragraphs 3(5)(2) and 3(k)(2) of 5 U.S.C. 552a. Material relating to criminal law enforcement [3(5)(2)] is exempted under paragraphs, (b), (c)(1) and (2), (e)(4) (A) through (F), (e) (6), (7), (9), (10) and (11), and (i) of the Act. Disclosure of this material could enable the subject of the record to evade prosecution and could, in addition, jeopardize the safety and welfare of investigators, witnesses, informants and their respective families. Material related to civil law enforcement [3(k)(2)] is exempt from the provisions of paragraphs (c)(3), (d), (e) (4), (G), (H), and (I), and (f) of 5 U.S.C. 552a. Disclosure would enable the subject to take action to prevent detection of illegal activities or avoid the consequences of violation of the law and, further, could lead to the intimidation or harassment of witnesses, informants, or their families.

(4)-(10) [Reserved]

(11) OSHA-1, Discrimination Complaint File is exempt under paragraph (k)(2) of the Privacy Act from paragraphs (c)(3), (d), (e)(1), (e)(4)(G), (H), and (I) and (f) of 5 U.S.C. 552a. Disclosure of information contained in this file could threaten investigators, witnesses, informants and their families with adverse consequences and could hinder effective enforcement of the Occupational Safety and Health Act. In order to conduct effective investigations it is necessary to guarantee the confidentiality of information being collected. Release of such information would constitute a breach of the guarantee of confidentiality, could lead to the intimidation, harassment or dismissal from employment of those involved, and would discourage those contacted in future investigations from cooperating with investigators.

(e) *Segregation of systems of records.* System of records which may be exempt under paragraphs (a) or (b) of this section shall, to the extent practicable: (1) Be separated from systems of records which are not so exempt, and (2) when it is practicable to exempt only a portion of a system of records, rather than the entire system, then only such portion shall be exempted.

(5 U.S.C. 552a(5), 5 U.S.C. 553, 29 CFR 70a.13)

[42 FR 6106, Feb. 1, 1977, as amended at 43 FR 36070, Aug. 15, 1978]

PART 75—DEPARTMENT OF LABOR REVIEW AND CERTIFICATION PROCEDURES AND RURAL INDUSTRIALIZATION LOAN AND GRANT PROGRAMS UNDER THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT OF 1972

Sec.
75.1 Introduction.
75.11 Standards for the review of applications.

§ 75.1 Introduction.

(a) Section 118 of the Consolidated Farm and Rural Development Act authorizes the Farmers Home Administration (FmHA) of the U.S. Department of Agriculture to make or guarantee loans to finance industrial and business activities in rural areas (broadly defined to include any place with a population of less than 50,000), 7 U.S.C. 1932(d). The Act also permits FmHA to make grants to public bodies for measures designed to facilitate the development of private business enterprises and for pollution control and abatement projects.

(b) As a prior condition for the approval of such loans, guarantees and grants, the Act further specifies that the Secretary of Labor must certify to the Secretary of Agriculture within 60 days after referral, that the loan or grant is not calculated to or likely to result in the transfer from one area to another of any employment or business activity provided by operations of

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the applicant and is not calculated to or likely to result in an increase in the production of goods, materials, or commodities, or the availability of services or facilities in the area, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprises, unless such financial or other assistance will not have an adverse effect upon existing competitive enterprises in the area. Responsibility within the Department of Labor (DOL) for the review and certification process has been assigned to the Manpower Administration (MA).

(c) The following procedures have been established by the Department of Labor in consultation with the Department of Agriculture for the issuance of labor certifications under this program. These procedures are designed to insure the orderly and expeditious review of the applications, with the objective of complying with the intent of the Congress that most applications will be acted upon by the Department of Labor (DOL) within 30 days after they have been received from the Department of Agriculture. It is anticipated that the procedure will permit completion of all cases within the 60-day legal maximum processing period permitted under the law.

(Sec. 118, Pub. L. 92-419, 86 Stat. 662 (7 U.S.C. 1932))

[40 FR 4394, Jan. 29, 1975]

§ 75.11 Standards for the review of applications.

(a) *Applications to be routinely approved without field review.* The following types of applications will be routinely approved and certified by the Manpower Administration (MA), provided that the required information is submitted by the applicant:

(1) *Loans which involve the change of ownership from one person or group to another or the refinancing of an existing loan.* Provided, That such loans will not result in any transfer from one area to another of any employment or business activity provided by operations of the applicant and are not calculated to or likely to result in an increase in the production of goods, materials, or commodities, or the availability of services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprise. In transmitting such applications to MA, FmHA will include:

(i) A letter of transmittal stating the name and location of the applicant and the amount of the loan, and certifying that the loan is either for the purpose of financing the sale of the business or for the purpose of refinancing a loan and is not calculated to or likely to result in the transfer or expansion of employment or operations:

(ii) Three copies of Form FHA 449-22, Certification of Non-Relocation; and

(iii) Three copies of Form FHA 449-23, Data Information Sheet. MA will issue an affirmative certification on such applications, without further review, within 10 working days.

(2) *Loans of less than $100,000 where the loan proceeds are expected to result in the employment of not more than five workers.* In such instances, the FmHA transmittal letter will call attention to the fact that the application involved falls within this category. This should be supported by data in the revised Forms FHA 449-22 and 449-23 to be forwarded in triplicate to the DOL. For loan applications in this category, the FmHA will also attach a certification signed by the State FmHA director indicating that he has reviewed the loan application and certifying that such a loan is not calculated to or likely to result in the transfer from one area to another of any employment or business activity provided by operations of the applicant and is not calculated to or likely to result in an increase in the production of goods, materials, or commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities in the area, to employ the efficient capacity of existing competitive commercial or industrial enterprises, unless such financial or other assistance will not have an adverse effect upon existing competitive enterprises in the area. Unless there is other evidence to indicate an adverse effect on unemployment or

competitive business enterprises, MA will accept this certificate and accompanying forms as the basis for an affirmative certification without further review and will so certify within 10 working days after receipt.

(3) *Grants where there are no known current or future occupants.* In the case of such applications, e.g., a county's proposal to build an industrial park, FmHA will send a transmittal letter to MA stating the name and location of the applicant, and the amount and purpose of the grant, and certifying that there are no known current or future occupations. FmHA will also forward with the letter a resolution or other statement from the local governing body agreeing to a *prior* review and certification by MA of any person or organization which may occupy all or part of the facility within 3 years from the date of the certification, to insure that the requirements of the Act are being complied with. MA will, within 10 days after receipt of such applications, issue an affirmative certification conditional upon the right of review and certification of each potential occupant within the 3-year period.

(4) *Grants where the occupants are known*, and the improvement will not result in a transfer or increase in operations or employment by the occupants. The FmHA transmittal letter shall provide, in addition to the information specified in paragraph (a)(3) of this section, the names of the occupants and a statement that this grant is not calculated to or likely to result in a transfer or increase in operations or employment. The applicant shall also be required to submit the same type of resolution as that specified in paragraph (a)(3) of this section. On the receipt of such data, MA will issue a certification on the grant application and will certify the known occupants as well. The certification may require, however, that additional occupants or a change in occupants within the first 3 years after certification is subject to review and a redetermination.

(b) *Applications which will require field or other review.* (1) All loan and grant applications other than those specified in paragraph (a) of this section will be subject to a full review by the MA prior to the issuance of a certification. For each loan application, the FmHA shall submit to MA:

(i) A letter of transmittal stating the name and location of the applicant and the amount of the loan;

(ii) Six copies of the Certificate of Non-Relocation (Form FHA 449-22);

(iii) Six copies of the Data Information Sheet (Form FHA 449-23); and

(iv) Any supplemental information, including A-95 Clearinghouse reports, which FmHA believes may be of value to MA in evaluating the application.

For grant applications, the letter of transmittal shall also provide information about the purpose of the grant. Two copies of a resolution or other statement of the type specified under paragraph (a)(3) of this section shall also be submitted with each grant application.

(2) Upon receipt of applications, MA will review the materials for completeness and will inform FmHA in writing of any missing items within 2 working days after the date of receipt. It is agreed that in such instances the statutory 60-day period will not begin until the file is complete. State Employment Security Agencies will be requested, through the MA regional offices, to provide labor market information needed to determine whether the loan would result in adverse competitive effect upon existing competitive enterprises in the area. Comments will be due in the MA national office 3 weeks after receipt of the request in the MA regional offices.

(3) To assist in the review process, DOL will publish in the FEDERAL REGISTER a weekly listing of applications received (other than those to be routinely certified). The listing will include the name and location (City and State) of the applicant and the principal product or type of business activity. In the case of grant applications, the listing will also include the name and principal product or business activity of the occupant(s) of the facility for which the grant is being made. All interested parties will be afforded a 2-week period from the date of publication to comment in writing to MA. In the event that adverse comments are received, the applicant will be sent

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copies of such comments by certified mail, and afforded an opportunity to provide such additional information as the applicant deems appropriate within 2 weeks from the date of transmittal. The Farmers Home Administration will also be provided with copies of such adverse comments.

(4) In some instances, involving particularly complex situations, MA may request the Economic Development Administration (EDA) in the Department of Commerce, or other agencies to provide supplemental data. The number of such requests will depend upon the extent to which the DOL is capable of making resources available to EDA or other agencies to perform this function.

(5) When all the data have been assembled, a determination will be made by MA of whether the requested certifications may be certified or denied. FmHA will be notified in writing of the determination. If DOL's investigation indicates the need for additional information, all material will be returned to FmHA with instructions indicating the additional information needed to make a certification. Continuation of the 60-day time limit will begin again when the additional material is returned to Labor.

(6) All denials will be given additional consideration if the applicant or the Department of Agriculture provides additional evidence which they believe merits further consideration. If the DOL reaffirms its denial after a review of all available facts and such additional investigation as it may make, such denial shall be considered as final.

(Sec. 118, Pub. L. 92-419, 86 Stat. 663 (7 U.S.C. 1932))

[40 FR 4394, Jan. 29, 1975]

PART 89—SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

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AUTHORITY: Pub. L. 94-135, sec. 902(b)(2); Stat. 80 stat. 722.

SOURCE: 41 FR 9066, Mar. 2, 1976, unless otherwise noted.

Subpart A—General

§ 89.1 Scope and purpose.

(a) This Part 89 contains the regulations of the Department of Labor for the Senior Community Service Employment Program which is authorized under the Older American Community Service Employment Act, Title IX of the Older Americans Amendments of 1975. The Senior Community Service Employment Program is designed to provide, foster, and promote useful part-time activities for economically disadvantaged persons who are 55 years old or older.

(b) Statutory authority for the regulations contained in this part is found in section 902(b)(2) of Title IX of the Older Americans Amendments of 1975, Pub. L. 94-135.

[41 FR 9066, Mar. 2, 1976; 41 FR 12010, Mar. 23, 1976]

§ 89.2 Allotment of funds.

(a) The Secretary shall allot funds for projects in each State in accordance with the distribution requirements stated in section 906(a) of the Act.

(b) The Secretary may adjust the allotment to a State only as permitted by section 906(b) of the Act.

(c) The amount allotted for projects within a State shall be apportioned among areas within the State in an equitable manner, taking into consideration the proportion which the number of eligible persons in each area bears to the total number of such persons in that State and taking into consideration the relative distribution of eligible individuals residing in rural and urban areas.

§ 89.3 Definitions.

The following definitions consistent with section 907 of the Act apply to all sections of this part:

"Act" means the Older American Community Service Employment Act, Title IX of the Older Americans Amendments of 1975, Pub. L 94-135.

"Annual family income" means the annual sum of money received by a family which is to be computed in accordance with procedures established by the Department.

"Cash welfare payment" means any regular cash payment provided to a family under Aid to Families with Dependent Children, Supplementary Security Income, or any other regular cash payments provided by a State or local governmental welfare agency.

"Community service" means social, health, welfare, and educational services, legal and other counseling services and assistance, including tax counseling and assistance and financial counseling, and library, recreational, and other similar services; conservation, maintenance or restoration of natural resources; community betterment or beautification; antipollution and environmental quality efforts; economic development; and other types of services which the Secretary may include in a project agreement. It excludes building and highway construction (except that which is normally performed by the project sponsor and work which inures primarily to the benefit of private, profit-making organizations.

"Department" means the United States Department of Labor and includes each of its operating agencies and other organizational units.

"Enrollee" means an individual who is eligible, receives services, and is employed under a project.

"Eligible organization" means an organization which is legally capable of receiving and using Federal funds under the Act and entering into a project agreement with the Secretary. Eligible organizations are limited to:

(1) States and agencies of a State;

(2) Units of local government and their agencies and combinations of such units within a State;

(3) Public and private nonprofit agencies and organizations other than political parties;

(4) Federal establishments and agencies; and

(5) Native American tribal organizations.

"Host agency" means a public agency or private nonprofit organizations (excluding political parties) other than a project sponsor or subproject sponsor, which provides a work-site and work supervision for project enrollees.

"Local government" means a local unit of government including a county, municipality, city, town, township, local public authority, special district, intrastate district, council of governments, sponsor group representative organization, and other regional or interstate government entity and, for the purposes of Subpart D, includes any agency or instrumentality of a local government, except institutions of higher education, hospitals, and school districts.

"Native American tribal organization", for the purposes of this part, means the governing body of an Indian or Alaskan tribe, band, or group having an identifiable resident population of at least 1,000 persons.

"Project" means an undertaking by a project sponsor pursuant to a project agreement between the Secretary and the project sponsor which provides for the employment of eligible individuals and the delivery of associated services.

"Project agreement" means a legally binding agreement in document form which is a grant, contract, or other form of agreement entered into between the Secretary and an eligible organization and which awards Federal funds and provides for authorized activities under the Act.

"Project sponsor" means an eligible organization which has entered into a project agreement with the Department.

"State" means any of the several State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and, for the purposes of Subpart D, includes any agency or instrumentality of a State, exclusive of institutions of higher education and hospitals.

"Subproject" means a separately identifiable portion of a project which involves the enrollment and employment of eligible individuals and the general administrative and managerial functions associated therewith.

"Subproject agreement" means an agreement entered into between a project sponsor and an eligible organization which provides for the transfer of Federal funds to the eligible organization for the purpose of carrying out a subproject.

"Subproject sponsor" means an eligible organization which has entered into a subproject agreement with a project sponsor.

[41 FR 9066, Mar. 2, 1976, as amended at 43 FR 28468, June 30, 1978]

Subpart B—Award of Federal Funds

§ 89.5 General.

(a) The Secretary may make such grants, contracts, or other agreements to award Federal funds to eligible organizations as may be necessary to carry out the purposes of the Act.

(b) Each grant, contract, or other agreement shall be developed and executed in accordance with the provisions of this Subpart B.

§ 89.6 Soliciting applications for Federal funds.

(a) The Secretary may, at any time, solicit or request eligible organizations to submit applications for funds. The Secretary may limit solicitation to organizations which he determines have special or unique capabilities to undertake a project or which, under the statute, must receive special consideration in the award process.

(b) A solicitation for an application is not an assurance or commitment from the Department that an application will be approved for funding.

(c) In soliciting applications, the Secretary will specify program requirements to which the application must assure adherence as a condition for approval or acceptance. These specifications may include, but are not limited to:

(1) The performance period of the project;

(2) The amount of Federal funds to be awarded, including when necessary a State-by-State breakdown of the total amount;

(3) The minimum required sponsor contribution to the costs of the project; and

(4) Performance goals such as the number of enrollment positions to be established, the date by which all or nearly all enrollment positions are to be filled, and the number of unsubsidized placements to be achieved.

§ 89.7 Application format and content.

(a) When the applicant is a State or unit of local government, exclusive of institutions of higher education and hospitals, the application shall follow the format prescribed in Federal Management Circular (FMC) 74-7, Attachment M.

(b) When the applicant is an organization other than those described in paragraph (a) of this section, the application shall be prepared in the format prescribed by the Department.

(c) As a condition for approval an application for funds must indicate or contain the following:

(1) The performance period of the project;

(2) A project budget for both the Department's share and the sponsor's share which accounts for administrative costs, enrollee wages, enrollee fringe benefits, and other enrollee costs;

(3) A description of the need for the project and its objectives;

(4) A description of the results or benefits to be derived from the project, including benefits which will accrue to project enrollees and benefits which will accrue generally to the community or communities in which the project is to operate;

(5) A description of the methods, procedures, and arrangements which will be used to carry out the following project functions:

(i) Recruitment and selection of enrollees;

(ii) Physical examinations for enrollees;

(iii) Orientation of enrollees;

(iv) Assessment of the job aptitudes, job readiness, and job preferences of enrollees;

(v) Pre-job training for enrollees;

(vi) Development of subsidized employment positions and placement of enrollees into those positions;

(vii) Training for enrollees placed into subsidized employment;

(viii) Supportive services for enrollees;

(ix) Transportation of enrollees;

(x) Placement of enrollees into unsubsidized employment and follow-up on them;

(xi) Due process for resolving issues which might arise between an applicant for enrollment or an enrollee and the project sponsor;

(6) Quantitative performance goals including:

(i) The number of enrollment positions to be established;

(ii) The date by which all, or nearly all, enrollment positions are expected to be filled; and

(iii) The number of unsubsidized placements to be achieved;

(7) A description of the steps to be taken by the project sponsor to evalu-

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ate project performance in light of anticipated results and benefits;

(8) A description of how the project sponsor will establish cooperative relationships, liaison, and working linkages with other manpower programs and agencies, with agencies concerned with or experienced in problems of aging, and, if any, with other types of organizations;

(9) A description of and justification for any project activity to be carried out under subproject agreement;

(10) The specific geographic location or locations of project activity including, in cases of multi-State projects, a State-by-State breakout as to funds budgeted and enrollment positions planned;

(11) The project staff structure, including brief position descriptions for nonsecretarial and nonclerical staff;

(12) A description of the arrangements or agreements made with any labor organization which is necessarily concerned with the project; and

(13) When the applicant is an organization other than a State or unit of local government, a description of the general structure of the organization and a certified statement by a Certified Public Accountant attesting to the adequacy of the applicant's financial management system.

§ 89.8 Submitting an application.

(a) Before preparing and submitting an unsolicited application, eligible organizations are strongly encouraged to contact the Department for information concerning the availability of funds and the specific procedures involved in the preparation and submission of an application. In this regard, interested parties should contact.

Director, Office of Comprehensive Employment Development, Room 6000, Patrick Henry Building, 601 D Street NW., Washington, D.C. 20213. Attention: Title IX.

(b) The State and area-wide planning and development clearinghouse notification and review procedures set forth in Office of Management and Budget (OMB) Circular A-95 do not apply to programs under this part.

(c) An eligible organization may submit an application to the Department at any time. The application should be forwarded to the Director of the Office of Comprehensive Employment Development whose address is given in paragraph (a) of this section.

§ 89.9 Review.

(a) The Secretary will review and consider for approval each application which is submitted by an eligible organization. This includes both solicited and unsolicited applications.

(b) In reviewing and considering an application, the Secretary will determine whether:

(1) Funds are available for the proposed project;

(2) The application assures compliance with the requirements of the Act, the regulations promulgated under the Act, and other applicable law;

(3) The application is complete and has been prepared in accordance with the instructions of the Department;

(4) The application assures an effective use of funds consistent with the statute.

§ 89.10 Rejection.

(a) When the review of an application reveals that it is not approvable, the Secretary will notify the applicant in writing that the application is rejected. This notification will include the reason or reasons for rejection.

(b) The rejection of a proposal or application is a final act and is not subject to further administrative review.

(c) A rejection will not prejudice or affect the review and consideration of any future application submitted by an eligible organization.

§ 89.11 Negotiation.

(a) When the review of an application reveals that it is generally adequate, the Secretary may negotiate with the eligible organization to arrive at a project agreement. The subjects of negotiation may include, but are not limited to:

(1) Project components;

(2) Subproject sponsors;

(3) Funding level, including budget line items; and

(4) Performance goals.

(b) The Secretary may reject any proposed project component described in the application if he determines that the component will not serve the purposes of the Act.

(c) The Secretary may, if negotiation does not produce a mutually acceptable conclusion, reject the application. In this event, the Secretary will provide written notification in accordance with § 89.10.

§ 89.12 Award.

(a) The Secretary may, if an application assures an agreement which is advantageous, approve the application and award funds without negotiation.

(b) The Secretary may also approve an application as revised during negotiation.

(c) Award of funds will be accomplished through the execution of a legally binding agreement in document form. The document, which will be prepared by the Department, will contain:

(1) The application as approved by the Secretary; and

(2) Department of Labor requirements for project administration.

(d) When the project sponsor is a unit of State or local government, the Secretary shall use a grant agreement to implement the project and award funds.

(e) When the project sponsor is a nonprofit organization, public or private, other than a unit of State or local government, the Secretary shall use a grant agreement or a contract, whichever is appropriate, to implement the project and award funds. Determination as to the most appropriate of these two legal instruments shall be based, in each case, upon the following general criteria:

(1) The contract is the appropriate instrument when the Department has a need to exercise considerable direction and control over the project.

(2) The grant is the appropriate instrument when the Department does not need to exercise considerable direction and control over the project.

(f) When the project sponsor is a unit of the Federal Government other than the Department of Labor, the Secretary shall use an interagency agreement, which will be in document form, to implement the project and award Federal funds.

Subpart C—Project Operations

§ 89.15 General.

(a) This Subpart C states the basic guidelines and standards which shall be followed and enforced in the operation of projects under the Act. Adherence to the requirements of this subpart is a condition for the use of funds provided under the Act.

(b) The basic design of a project, as outlined in these guidelines and standards, is intended to provide a two-fold benefit.

(1) *Benefits accruing to eligible persons who enroll in a project.* The persons to be served and enrolled by projects are economically disadvantaged individuals who are 55 years old or older. The basic thrust of a project shall be to provide these individuals with the general benefits resulting from subsidized part-time employment and a moderate level of related supportive services. Specifically, the benefits and services to be provided enrollees are:

(i) Wages;

(ii) The restorative experience of community service work;

(iii) A renewed sense of personal value arising from involvement with the community and the mainstream of life generally;

(iv) The acquisition or revitalization of specific jobs skills through limited pre-job training and continued training on-the-job;

(v) The upgrading of jobseeking skills;

(vi) Yearly physical examination;

(vii) Assistance with personal and job-related problems through counseling and referral to capable human service agencies;

(viii) Provision of important consumer related information in areas such as Social Security benefits, income tax requirements, nutrition, personal health, and so forth; and

(ix) In some cases, placement into the regular, competitive labor market.

(2) *Benefits to communities.* Projects shall also provide the community or communities in which they operate with a Federally subsidized pool of manpower which can be drawn upon to upgrade existing human serv-

ices or to establish new ones. It is not intended that this pool of manpower be used to displace already employed workers, to provide services or perform work assignments which inure mainly to the benefit of private, profitmaking, organizations, or to construct highways. Projects shall enable communities to enhance or establish human service activities which could not normally be enhanced or established through existing local resources.

§ 89.16 Basic responsibilities of the project sponsor.

The Department will hold the project sponsor responsible for:

(a) Following and enforcing the requirements set forth in the Act, regulations promulgated under the Act, and all other applicable laws;

(b) Implementing and carrying out the project in accordance with the terms and provisions of the project agreement; and

(c) Assuring that, to the extent feasible, the project enrolls and serves minority, Indian, and limited English-speaking eligible individuals in proportion to their numbers within the geographical jurisdiction of the project.

§ 89.17 Cooperative relationships.

Each project sponsor shall, to the maximum extent feasible, establish and maintain cooperative relationships and working linkages with:

(a) Other manpower and manpower related agencies and, in particular, with agencies operating programs through the Department, including State employment security agencies, prime sponsors under title I of the Comprehensive Employment and Training Act of 1973, and State manpower services councils; and

(b) State and area agencies on aging and with other programs and projects being conducted under the various titles of the Older Americans Act, as amended.

§ 89.18 Recruitment and selection.

Project sponsors shall recruit and select eligible individuals in sufficient numbers for enrollment under the project. All enrollment vacancies shall be listed with the appropriate offices of the State employment security agency. Recruitment efforts shall ensure that enrollment positions within the project are occupied to the fullest extent possible. Also, recruitment efforts shall be made to ensure equitable participation by minorities, Indians and other native Americans, and persons with limited English-speaking ability.

§ 89.19 Eligibility for enrollment in a project.

(a) *General.* The eligibility criteria set forth in this section shall be followed by project sponsors in determining the eligibility of persons for enrollment in the project. These criteria apply to:

(1) Individuals who apply for enrollment in a project and who have not previously been enrolled in the project;

(2) Individuals who apply for re-enrollment in a project and whose last previous enrollment was terminated for reasons other than extended illness or placement into unsubsidized employment;

(3) Individuals who apply for re-enrollment in a project and whose last previous enrollment was terminated for reasons of extended illness or placement into unsubsidized employment; and

(4) Individuals actually enrolled in a project.

(b) *Criteria.* The eligibility criteria relate to age, physical and mental capacity, and economic status. The criteria pertaining to age and physical and mental capacity apply to all determinations of eligibility. There are, however, two different criteria which pertain to economic status; and the appropriate criterion must be applied to each situation.

(1) *Age.* To be eligible for enrollment in a project, an individual must be 55 years old or older. No person may be determined ineligible solely for reasons of advanced age, and no upper-age limitation may be used.

(2) *Physical and mental capacity.* To be eligible, an individual must be physically and mentally capable of performing part-time employment duties. Project sponsors are cautioned, however, that unfavorable determinations in

this area are to be made with utmost care, since project sponsors may structure employment positions under a project to fit the physical and mental capabilities of the individual enrollees. Unfavorable determinations in this area must be documented to the fullest extent possible with objective material.

(3) *Economic status.* There are two criteria which pertain to the economic status of the individual. The less rigorous criterion (as described in paragraph (b)(3)(ii) of this section) applies to individuals who are actually enrolled in a project and to individuals who apply for re-enrollment under certain extenuating circumstances. The reason for applying a less rigorous criterion to individuals actually enrolled is to prevent a situation in which an individual would be fired merely because his or her nonproject income has risen slightly. Also, individuals who seek re-enrollment after being forced to quit because of extended illness must be treated on a basis equal to individuals actually enrolled. Similarly, equal treatment must be accorded to former enrollees who were placed into unsubsidized employment from a project and were subsequently terminated from that employment, since individuals are encouraged by projects to accept unsubsidized employment.

(i) *Regular economic status criterion.* Applicants for enrollment in a project who have not previously been enrolled in a project and applicants for re-enrollment in a project whose last previous enrollment was terminated for reasons other than extended illness or placement into unsubsidized employment must be members of a family which receives regular cash welfare payments or whose annual income in relation to family size does not exceed 125 per centum of the poverty level determined in accordance with criteria established and updated by the U.S. Office of Management and Budget.

(ii) *Special economic status criterion.* Applicants for re-enrollment in a project whose last previous enrollment was terminated for reasons of extended illness or placement into unsubsidized employment and individuals actually enrolled in a project must be either:

(A) Members of a family which receives regular cash welfare payments; or

(B) Members of a family whose annual income does not exceed by more than $500, 125 per centum of the poverty level determined in accordance with criteria established and updated by the U.S. Office of Management and Budget.

(4) *Employment status—no requirement.* An individual's employment status does not bear on his or her enrollment eligibility. If the individual is employed at the time the eligibility determination is made, but such employment does not provide the family with an economic status above the applicable level set forth in this section, the employment is deemed insufficient for the family's economic needs.

(5) *No additional criteria.* Project sponsors and their agents may not impose any additional condition or requirement for enrollment eligibility.

(c) *Special responsibilities of the project sponsor.* (1) Project sponsors shall obtain the personal information necessary for a proper determination of eligibility for each individual.

(i) The information, which shall be obtained primarily through personal interview, shall be recorded on an adequate client intake or application form.

(ii) The information shall be authenticated by the dated signature of the individual on the client intake or application form. Although project sponsors are responsible for assuring that the required personal information reported by individuals appears reasonably reliable and consistent, project sponsors need not conduct investigations of any individual being considered to ascertain the veracity of the information.

(2) With respect to individuals enrolled in a project, the Department may, from time to time, require the project sponsor to update personal records to indicate the individual's current family income, exclusive of wages earned under the project to determine the eligibility of individuals for continuing enrollment. In such cases, the project sponsor shall require

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each enrollee to sign and date a written statement which indicates his current annual family income and whether or not the family is receiving regular cash welfare payments. Enrollees who are consequently determined to be ineligible for continued enrollment shall be given one month's notice by the project sponsor that their enrollment is to be terminated.

(3) Project sponsors shall record each determination (preferably on the same form used for client intake or application purposes in cases of prospective enrollees and on an adequate termination form in cases of actual enrollees) by indicating the date, the name and title of the project official who made the determination (with the official's written initials), and the grounds for any unfavorable determination.

(4) If at any time the project sponsor discovers that an individual was incorrectly determined to be eligible as a direct result of false information from that individual, the individual's enrollment shall be terminated immediately.

(5) In cases where an individual was incorrectly determined to be eligible through no fault of his own, the project sponsor shall, when such error is discovered, provide the individual with one month's notice that his enrollment is to be terminated. Similarly, if the project sponsor discovers at any time that an enrollee has received an increment in outside income which is sufficient to make the individual ineligible for continuing enrollment, the project shall provide the individual with one month's notice that his enrollment is to be terminated.

(6) When unfavorable determinations of eligibility are made, the project sponsor shall explain to the individual the reason or reasons for the determination. The project sponsor shall inform each individual affected by an unfavorable determination that he or she may appeal the determination pursuant to § 89.31.

(7) When an unfavorable determination of eligibility is made, the project sponsor shall ensure that the individual receives such assistance, short of enrollment in the project, as the project is able to provide. This may include, but is not limited to, referral to a potential unsubsidized employment position, referral to a more appropriate manpower program, referral to the local office of the State employment security agency, and referral to any other local agency which may be capable of assisting the individual.

(Sec. 502(b)(2) of the Older Americans Act of 1965 (42 U.S.C 3056), as amended by the Comprehensive Older Americans Amendments Act of 1978 (Pub. L. 95-478); 5 U.S.C. 553(a)(2))

[41 FR 9066, Mar. 2, 1976, as amended at 43 FR 28468, June 30, 1978; 43 FR 33708, Aug. 1, 1978; 44 FR 29049, May 18, 1979; 44 FR 48201, Aug. 17, 1979]

§ 89.20 Enrollment priorities.

(a) In selecting eligible individuals for entry into the project, the priorities described below shall be observed. The priorities are listed in order of precedence.

(1) *First.* Priority shall be given to individuals who are applying for re-enrollment in the project and whose last previous enrollment was terminated for reasons of extended illness or placement into unsubsidized employment.

(2) *Second.* Priority shall be given to individuals who are the most economically disadvantaged. In determining the severity of an individual's economic situation, project officials responsible for selecting enrollees may consider: The extent to which the individual's annual family income is below the poverty level; the urgency of the family's immediate economic needs including, but not limited to, needed income for subsistence, housing, and medical expenses; and the extent to which financial assistance is being provided to the family from other programs and welfare sources.

(3) *Third.* Priority shall be given to individuals who are 60 years old or older.

(4) *Additional priorities.* Program sponsors may establish additional or supplementary priorities only with the prior written approval of the Department of Labor Contract/Grant Officer. Any additional or supplementary priorities may not, however, take precedence over the priorities listed above.

(b) *Conversion to permanent enrollment status.* The priorities established in paragraph (a) of this section do not apply to the conversion of temporary enrollees to permanent enrollment status. Temporary enrollees must be given first consideration for enrollment on a "permanent" basis whenever a "permanent" position becomes available. Selection for conversion to permanent status must be based solely on the earliest selection for temporary enrollment, i.e., temporary enrollees with the most seniority shall be selected for conversion first. However, selection among eligible individuals for enrollment on a temporary basis shall be made in accordance with the priorities described in paragraph (a) of this section.

§ 89.21 Physical examinations.

(a) Each individual selected for enrollment shall undergo a physical examination prior to taking part in the employment activities under the project.

(b) Each individual enrolled shall undergo a physical examination at least once each year while enrolled in the project.

(c) Project sponsors are encouraged to obtain these medical services through locally available resources at no cost or reduced cost to the project. However, the costs of such examinations are allowable under a project.

§ 89.22 Orientation.

Each individual enrolled in a project shall, as soon as practicable, receive a formal orientation to the project. The orientation shall provide the new enrollee with information about the project related to:

(a) Project objectives;

(b) Available employment opportunities and work assignments;

(c) Available training;

(d) Available supportive services;

(e) The responsibilities of enrollees; and

(f) The rights and privileges of enrollees.

§ 89.23 Assessment.

Project sponsors shall assess each new enrollee to determine the most suitable, available, part-time community service job for the individual. The assessment, which shall be made in consultation with the new enrollee, should consider the individual's job preferences, work history, skills and aptitudes. Every reasonable attempt should be made to decide upon a job position which will be personally rewarding and will provide the individual with an opportunity to make the most effective use of his or her skills and aptitudes.

§ 89.24 Pre-job training.

(a) Project sponsors may provide new enrollees with job-related training prior to and as preparation for their actual placement into productive, subsidized community service work under the project. This training may be delivered through lectures, seminars, classroom instruction, or other arrangements. Project sponsors are encouraged to obtain training services through locally available resources, including host agencies, at no cost or reduced cost to the project.

(b) Pre-job training, combined with time spent in orientation, shall be completed by the 4th week of the individual's enrollment, except when extended periods are specifically authorized in the project agreement or authorized in writing by the Department of Labor Contract/Grant Officer.

(c) Time spent by enrollees in orientation and pre-job training shall be considered as employment under the project and shall be reimbursed at the Federal or State minimum wage, whichever is higher.

§ 89.25 Subsidized employment.

(a) *Placement.* As soon as possible after the completion of an enrollee's orientation and pre-job training (if any), the project sponsor shall place the enrollee into a subsidized, part-time community service job. If possible, however, the project sponsor should place any recent enrollee in an unsubsidized job. Subsidized jobs may be:

(1) Positions which have been created and which are supervised by the project sponsor or subproject sponsor directly; or

(2) Positions which have been developed by or in consultation with a

qualifying host agency and which are supervised by the host agency.

(b) *Hours of work.* (1) Subsidized employment positions under a project may not provide for more than 1300 hours of work annually.

(2) Project sponsors may not require any enrollee to work more than 20 hours in a given week.

(3) Unless shorter periods are specifically authorized by the project agreement or in writing by the Department of Labor Contract/Grant Officer, project sponsors shall offer each enrollee an opportunity to work an average of at least 20 hours per week. However, if it is mutually agreeable to the enrollee and the project sponsor, an enrollee may work an average of less than 20 hours per week.

(4) The project sponsor shall, to the extent possible, ensure that enrollees work during normal business hours if they so desire.

(c) *Location.* Enrollees shall be employed at worksites in or near the communities in which they reside.

(d) *Work assignments.* (1) Acceptable work assignments for enrollees are those which contribute to the general welfare of the community. Enrollees may be employed in projects or at facilities which involve community services such as social, health, welfare and educational services, legal and other counseling services and assistance, including tax counseling and assistance and financial counseling, library, recreational, and other similar services; conservation, maintenance or restoration of natural resources; community betterment or beautification; anti-pollution and environmental quality efforts; economic development; and other services which are essential and necessary to the community; except that (i) enrollees may not be employed in projects involving the construction, operation or maintenance of any facility used as a place for sectarian religious instruction or worship, and (ii) enrollees may not be assigned work involving building and construction of highways or to work which inures primarily to the benefit of private, profit-making organizations.

(2) Project sponsors shall give special and demonstrable emphasis to work assignments which involve activities delivering direct services to the low-income elderly and the elderly in general and which deliver direct services to the economically disadvantaged. Furthermore, project sponsors shall, to the extent feasible, give qualified enrollees consideration for work assignments involving the administration of the project.

(e) *Supervision.* Project sponsors shall ensure that enrollees receive adequate orientation and instruction from their worksite supervisors with regard to job responsibilities and duties and job safety. Project sponsors shall ensure that enrollees receive the jobsite supervision necessary for productive, effective work. Where an enrollee has been assigned to a host agency, the project sponsor or his agent shall make frequent visits to the enrollee's jobsite to determine if host agency supervision is adequate and if the enrollee's job duties and hours are in accord with the requirements of this section. The enrollee's work performance shall also be discussed with host agency supervisors to determine if there are any problem areas which the project sponsor might be able to assist in resolving.

§ 89.26 Training after placement.

(a) Project sponsors are encouraged to provide enrollees with continued training after they have been placed into productive, part-time community service work under the project. This training, when it is conducted, should be concerned mainly with teaching and upgrading job skills so that enrollees are enabled to make the most effective use of their talents and abilities. It may also be concerned with teaching of jobseeking skills in preparation for unsubsidized employment and with providing the enrollees with important consumer information in such areas as Social Security benefits, personal health, nutrition, tax requirements, and retirement laws. Such training may be delivered through lectures, seminars, classroom instruction, or through other arrangements. Project sponsors are encouraged to seek and obtain such training services through locally available resources, including host agencies, at no cost or reduced cost to the project.

(b) Training shall be conducted during normal working hours or in lieu of normal working hours. Time spent by an enrollee in training shall be considered as employment under the project and shall be reimbursed at the individual's established rate of pay.

(c) The amount of time spent by an enrollee in training shall be reasonable and consistent in light of the enrollee's work assignment. It is recognized that certain work assignments, such as those of a paraprofessional character, may require considerable and continuous training or technical instruction. For this reason, no arbitrary time limitations for "post-placement" training is imposed on individual enrollees. However, project sponsors should not schedule yearly wage-reimbursable training for their enrollees which exceeds, in the aggregate, 20 percent of the total enrollee manhours to be worked during that year.

§ 89.27 Enrollee supportive services.

(a) Project sponsors shall provide job-related and personal counseling to enrollees to assist them in resolving problems which might adversely affect their successful participation. This assistance shall be offered willingly to enrollees and shall, as a minimum, provide knowledgeable referral to capable, local service agencies.

(b) If not available from local resources, project sponsors may provide enrollees with incidentals necessary for their successful participation, such as: Work shoes, badges, uniforms, safety and eye glasses, and tools.

§ 89.28 Enrollee transportation.

(a) Project sponsors may make arrangements and expend project funds for the transportation of enrollees, provided the transportation is either accomplished in the direct performance of employment or employment-related activities or is accomplished from central pick-up points to worksites in cases where public transportation is inadequate. Project sponsors are encouraged to seek and obtain transportation services for enrollees from local resources at no cost or reduced cost to the project.

(b) When enrollee transportation is accomplished by privately-owned automobile, reimbursement shall be made at the mileage rate currently in effect for Department of Labor staff.

§ 89.29 Placement into unsubsidized employment.

(a) Project sponsors shall work to place enrollees into unsubsidized employment in private or public sector jobs, thereby creating opportunities for additional persons to enroll in and benefit from the project.

(b) The number of enrollees placed annually from a project should equal at least 10 percent of the number of enrollment positions provided by the project.

(c) In pursuing this goal, project sponsors are encouraged to:

(1) Seek the assistance of the local office of the State employment security agency in identifying suitable, unsubsidized job openings and other forms of job-related assistance the agency is capable of providing;

(2) Seek the assistance of other local manpower agencies, including prime sponsors under the Comprehensive Employment and Training Act, in identifying job openings or training opportunities;

(3) Prevail upon host agencies to accept qualified enrollees into their regular, unsubsidized work force; and

(4) Contact public and private employers directly to identify suitable job openings.

(d) Project sponsors shall follow-up on enrollees who are placed into unsubsidized employment or into a job-training program. As a minimum, follow-up shall be accomplished and documented in the first month after placement and once again in the sixth month. If the former enrollee is subsequently discovered to be unemployed, the project sponsor shall grant him or her special consideration, as provided by § 89.20, for reenrollment in the project.

§ 89.30 Duration of enrollment.

No time limitation on enrollment may be established or used within any project.

§ 89.31 Adverse actions against enrollees.

Each project sponsor shall establish procedures for resolving any issue arising between it and an enrollee or an enrollment applicant. Such procedures shall include an opportunity for an informal conference and a prompt determination of the issue. Such procedures shall also include a notice setting forth the grounds for any adverse action proposed to be taken against an enrollee by the project sponsor and giving the enrollee an opportunity to respond. If an issue cannot be resolved, the enrollee or enrollment applicant may request a review of the issue by the Department.

§ 89.32 Enrollee wages.

(a) While engaged in orientation or pre-placement training, enrollees shall be paid the Federal or State minimum wage, whichever is higher.

(b) Upon placement into productive, part-time, community service work under the project, enrollees shall receive wages at a rate no less than the highest of the following:

(1) The minimum wage which would be applicable to the employee under the Fair Labor Standard Act of 1938, if section 6(a)(1) of the Act applied to the participant and if he were not exempt under section 13 thereof;

(2) The State or local minimum wage for the most nearly comparable covered employment; or

(3) The prevailing rate of pay for persons employed in similar public occupations by the project sponsor, the subproject sponsor, or the host agency as appropriate.

(c) Project sponsors may not use Federal funds to compensate enrollees for more than 1,300 hours of work, including orientation and training, in any 12-month period.

§ 89.33 Enrollee fringe benefits.

(a) Within a project or subproject, fringe benefits shall be administered uniformly to all enrollees, including temporary enrollees.

(b) Project sponsors shall ensure that enrollees receive all fringe benefits required by law.

(c) Where enrollees are not covered by the State Worker's Compensation Law, the project sponsor shall provide either through insurance by a recognized carrier, or by self-insurance as allowed by State law, that enrollees enjoy worker's compensation coverage equal to that provided by law for covered employment.

(d) The project sponsor shall ensure that enrollees in positions which are covered by the State Unemployment Insurance laws participate in the State Unemployment Insurance program. To the extent feasible, project sponsors are encouraged to obtain such coverage for enrollees.

(e) The following fringe benefits will be allowable provided they are administered uniformly to all enrollees within a project or subproject and conform to the established policy of the project sponsor or subproject sponsor for regular employees:

(1) Annual leave;

(2) Sick leave;

(3) Holidays;

(4) Health insurance; and

(5) Any other fringe benefit provided pursuant to the established policy of the project sponsor or subproject sponsor for regular employees except as limited by paragraph (f) of this section.

(f) Expenditures from Federal funds into a retirement funds for enrollees may be made only when one or more of the following conditions exist:

(1) When payments into a retirement fund are required by law;

(2) When payments are for retirement benefits that are part of a consolidated package, including other benefits such as health insurance and worker's compensation, if separation of the benefits is not allowed; or

(3) When payments are for enrollees whom the project sponsor or subproject sponsor intends to hire into a permanent, unsubsidized job, *Provided*, That payments on behalf of the enrollee are made into and retained in a reserve account, and not paid into the retirement fund until the enrollee has acquired regular employee status.

§ 89.34 Temporary enrollees.

Where a portion of project funds is not being utilized as a result of enrollee absenteeism, attrition, or enrollees who voluntarily work fewer hours per

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week than normal, the project sponsor may use these funds during the period of the project agreement by enrolling additional eligible individuals on a temporary basis. The number of temporary enrollees may not, without the written approval of the Department of Labor Contract/Grant Officer, exceed 20 percent of the total number of enrollment positions established under the project agreement. In no case may payments to them exceed the amount of the unutilized funds available. Each person enrolled on a temporary basis must be informed that the employment is of a temporary nature and might be terminated. Project sponsors shall give temporary enrollees first consideration, in the order of their seniority on the project, for permanent enrollment positions when they become available. Project sponsors shall exercise this flexibility judiciously to prevent large numbers of terminations at the completion of a project period.

§ 89.35 Working conditions for enrollees.

No enrollee may be permitted to work in buildings or surroundings or under working conditions which are unsanitary, hazardous or dangerous to his or her health or safety.

§ 89.36 Non-Federal status of enrollees.

Enrollees who are employed in any project funded under the Act are not Federal employees as a result of such employment, and are not subject to the provisions of part III of Title 5, U.S.C.

§ 89.37 Nondiscrimination and equal employment opportunities.

(a) No person shall on the grounds of race, creed, color, handicap (as defined in paragraph (g) of this section), national origin, sex, political affiliation, or beliefs be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any project or activity funded in whole or in part with funds made available under the Act.

(b) When the Secretary determines that a project sponsor has failed to comply with the requirements of paragraph (a) of this section, he shall notify the project sponsor of the noncompliance and request the project sponsor to secure compliance. If the project sponsor fails or refuses to secure compliance, the Secretary may terminate financial assistance under the Act and:

(1) May refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

. (2) May, if appropriate, exercise the powers, and functions provided by title VI of the Civil Rights Act of 1964 (42, U.S.C. 2000(d)); or

(3) May take other actions as may be provided by law.

(c) When a matter under this section is referred to the Attorney General, or when the Secretary of Labor believes that a pattern or practice of discrimination exists, the Attorney General may bring a civil action in any appropriate United States District Court, including injunctive relief.

(d) The Secretary shall enforce the provisions of paragraph (a) of this section with regard to discrimination on the basis of sex in accordance with sections 602 and 603 of the Civil Rights Act of 1964.

(e) This section shall not affect any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any project or activity receiving assistance under the Act.

(f) The project sponsor shall be responsible for assuring that no discrimination prohibited by this section occurs in any project for which it has responsibility, and shall establish an effective mechanism for this purpose.

(g) The term "handicapped individual" means any individual who (1) has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment, and (2) can reasonably be expected to benefit in terms of employability from an activity under the Act.

(h) Every grant or contract made pursuant to the Act shall contain a certification statement signed by the project sponsor concerning the provision of equal employment opportunity under the project agreement.

§ 89.38 Special limitations on project activities.

(a) No project under this part may involve political activities, and neither the project nor the funds provided therefor, nor the personnel employed in the administration of the project, shall be in any way or to any extent engaged in the conduct of political activities in contravention of Chapter 15 of Title 5, U.S.C.

(b) Participants employed by a State or local government in the administration of the program and participants whose principal employment is with a State or local government and is in connection with an activity financed by other Federal grants or loans are covered by the Hatch Act.

(c) No enrollee in any project under this part may be employed in the construction, operation, or maintenance of part of any facility as is used or will be used for sectarian instruction or as a place of religious worship.

§ 89.39 Nepotism.

No project sponsor, subproject sponsor or host agency may hire a person into a funded position if a member of his or her immediate family is employed in an administrative capacity for the same project sponsor, subproject sponsor or host agency. However, where an applicable State or local law regarding nepotism exists which is more restrictive than this policy, the project sponsor should follow the State or local statute in lieu of this policy. For purposes of this section, the term "member of the immediate family" includes: wife, husband, son, daughter, mother, father, brother, brother-in-law, sister, sister-in-law, daughter-in-law, son-in-law, mother-in-law, father-in-law, aunt, uncle, niece, nephew, step-parent and stepchild. The term "administrative capacity" includes those who have selection, hiring or supervisory responsibilities for project enrollees, or operational responsibility for the project.

§ 89.40 Maintenance of effort.

(a) Employment of enrollees funded under the Act shall be only in addition to employment which would otherwise be funded by the project sponsor, the subproject sponsor, and the host agencies without assistance under the Act.

(b) Projects funded under the Act:

(1) Shall result in an increase in employment opportunities over those which would otherwise be available;

(2) May not result in the displacement of currently employed workers, including partial displacement such as a reduction in hours of non-overtime work, wages, or employment benefits;

(3) May not impair existing contracts for service or result in the substitution of Federal funds for other funds in connection with work that would otherwise be performed; and

(4) May not substitute project jobs for existing Federally assisted jobs; and

(5) May not employ or continue to employ any enrollee to perform work the same or substantially the same as that performed by any other person who is on layoff.

§ 89.41 Sponsor share of the costs of the project.

The Secretary will pay not more than 90 percent of the cost of any project which is the subject of an agreement entered into under this part, except that the Secretary is authorized to pay all of the costs of any such project which is (a) an emergency or disaster project or (b) a project located in an economically depressed area as determined in consultation with the Secretary of Commerce and the Director of the Community Services Administration.

§ 89.42 Limitations on Federal funds.

(a) No more than 15 percent of the Federal funds provided to a project sponsor under the Act may be expended for administrative costs. Administrative costs include, but are not limited to salaries, wages and fringe benefits for project administrators; costs of consumable office supplies used by project staff; costs incurred in the development, preparation, presentation, management and evaluation of the project; The costs of establishing and maintaining accounting and management information systems; cost incurred in the establishment and maintenance of advisory councils; travel of

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project administrators; rent, utilities, custodial services and indirect costs allowable to the project; training of staff and technical assistance to subproject sponsor staff; costs of equipment and material for use by staff; and audit services. Project sponsors may lower these costs by using enrollees in the administration of the project. In such event, wages, fringe benefits, and travel costs for such enrollees shall be charged as enrollee costs.

(b) No less than 70 percent of the Federal funds provided to a project sponsor under the Act may be expended for enrollee wages and fringe benefits. Enrollee wages are the wages paid to enrollees for their hours of employment, including orientation and pre-job training, under the project; and enrollee fringe benefits are the fringe benefits provided to enrollees for their hours of employment, including orientation and pre-job training under the project.

(c) Federal funds provided to a project sponsor under the Act which are not budgeted or expended for administrative costs, enrollee wages and enrollee fringe benefits may be budgeted and expended for enrollee physical examinations (as authorized by § 89.21), enrollee transportation costs (as authorized by § 89.28) and for other enrollee costs including, but not limited to:

(1) Enrollee training costs, including costs for instructors; classroom rental; training supplies, materials, and equipment; tuition; and other costs directly attributable to the training of enrollees;

(2) The costs of special job-related or personal counseling for enrollees; and

(3) The costs of incidentals necessary for successful enrollee participation such as work shoes, badges, uniforms, safety and eyeglasses, and tools, when these items are unavailable without cost.

(d) No Federal funds provided to a project sponsor under the Act may be expended directly or indirectly for the purchase, erection, or repair of any building except for:

(1) Minor remodeling of a public building necessary to make it suitable for use by project administrators;

(2) Minor repair and rehabilitation of private residences performed in conjunction with local public housing programs intended to benefit low-income families or individuals; and

(3) Minor repair and rehabilitation of publicly used facilities performed to beautify, improve or restore the facilities to the general betterment of the community.

(e) Within the limitations stated in paragraphs (a) through (d) of this section, no Federal project funds may be expended for purposes other than those permitted by the applicable Federal cost principles.

(1) The cost principles in Subpart 1-15.7 of Title 41 of the Code of Federal Regulations apply to project sponsors which are units of State or local government.

(2) The cost principles in Subpart 1-15.3 of Title 41 of the Code of Federal Regulations apply to project sponsors which are institutions of higher education.

(3) The cost principles in Subpart 1-15.2 of Title 41 of the Code of Federal Regulations apply to project sponsors which are not units of State or local government or institutions of higher education.

§ 89.43 Subproject agreements.

(a) Project sponsors may award project funds and enter into agreements (subgrants, contracts, or subcontracts) with other organizations to implement subprojects only if specifically authorized to do so by the basic project agreement. A subproject is any separately identifiable portion of total project activities which involves the enrollment and employment of eligible individuals and the general supervision and management of that portion of the total project activities.

(b) Project sponsors may enter into subproject agreements only with "eligible organizations" as defined in § 89.3.

(c) Subproject agreements may not provide for project activity, including the employment of eligible individuals, past the completion date of the basic project agreement.

(d) Project sponsors shall be held directly responsible for the performance and manner of performance of all activity which they implement under subproject agreements.

Subpart D—Administrative Requirements for Project Grants to State and Local Governments

§ 89.51 General.

This Subpart D states the Department's administrative requirements, standards, and procedures for grants awarded under the Act to State and local governments. These requirements, standards, and procedures reflect those authorized and required by Federal Management Circular (FMC) 74-7. This Subpart D explicates the material contained in FMC 74-7 as it applies to State and local governments which are awarded grants under the Act. Each State and local government which is awarded a grant under the Act must conform to these administrative requirements, standards, and procedures. Hereinafter, State and local governments which are awarded a grant under the Act are referred to as "grantees."

§ 89.52 Cash depositories.

(a) Any moneys advanced to a grantee are "public moneys" (owned by the Federal Government) and must be deposited in a bank with FDIC insurance coverage; and the balances exceeding FDIC coverage must be collaterally secure, as provided for in 12 U.S.C. 265.

(b) Except as provided by paragraph (a) of this section, there are no Department of Labor requirements for the physical segregation of cash depositories for grant funds which are provided to the grantee, nor are there any other requirements or eligibility standards for cash depositories in which Federal grant funds are deposited by the grantee.

(c) A separate bank account may be used when payments under letter of credit are made on a "checks-paid" basis in accordance with agreements entered into by a grantee, the Federal Government, and the banking institutions involved.

(d) Consistent with the national goal of expanding the opportunities for minority business enterprises, grantees are encouraged to use minority banks.

§ 89.53 Bonding and insurance.

Each grantee shall apply its normal bonding and insurance requirements, including fidelity bonds, to protect the interest of the Federal Government.

§ 89.54 Records maintenance.

(a) Each grantee shall retain for a period of at least three years all financial records, supporting documents, statistical records, and all other records pertinent to the project. The retention period starts from the date of the submission of the final expenditure report or, for grants which are renewed annually, from the date of the submission of the annual expenditure report, except that:

(1) The records shall be retained beyond the three-year period for as long as any audit findings remain unresolved;

(2) Records for nonexpendable property acquired with grant funds shall be retained for three years after its final disposition; and

(3) When grant records are transferred to or maintained by the Department, the three-year retention requirement does not apply to the grantee with respect to these records.

(b) Grantees may substitute microfilm copies in lieu of original records only with the written permission of the Grant Officer.

(c) When the Department determines that certain grant records have long-term or historical retention value, the grantee shall, upon the Department's request, deliver the records to the Department. The grantee may request an arrangement to retain the records when they are needed for joint use.

(d) The Secretary of Labor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee and its subproject sponsors which are pertinent to the grant project for the purpose of making audit, examination, excerpts, and transcripts.

(e)(1) The names of project enrollees are considered public information. However, grantees shall maintain confidentiality of all other information regarding applicants for enrollment, project enrollees or their immediate families which may be obtained through application forms, interviews, tests, reports from public agencies or counselors, or any other source. Without the permission of the applicant or participant, such information shall be divulged only as necessary for purposes related to the performance or evaluation of the grant to persons having official responsibilities in connection with the grant and to governmental authorities to the extent necessary for the proper administration of law.

(2) No restrictions are placed on the grantee which will limit public access to grant records not covered by paragraph (e)(1) of this section except that such records shall remain confidential when confidentiality is necessary for any of the following reasons:

(i) To prevent a clearly unwarranted invasion of personal privacy;

(ii) To specifically comply with any Federal Executive Order or statute requiring the record to be kept secret;

(iii) To protect commercial or financial information obtained from a person or a firm on a privileged or confidential basis; or

(iv) To avoid the disclosure of any other information which can be exploited for personal gain.

(f) Grantees shall maintain records on each project participant, including:

(1) Personal identifying information and characteristics;

(2) Residence;

(3) Project job description;

(4) Project activities and supportive services in which the individual participated; and

(5) Status of the participant upon termination from the project.

(g) Grantees shall maintain a record of each determination of participant eligibility, including any grounds for an unfavorable determination. This requirement applies to persons who apply for enrollment and to persons who become enrolled and are subsequently determined to be ineligible for continuing enrollment.

§ 89.55 Single State agency not required.

No single State agency or multimember board or commission need be established or designated to administer or supervise the administration of grant projects under the Act.

§ 89.56 Project income.

(a) In accordance with Section 203 of the Intergovernmental Cooperation Act of 1968 (Pub. L. 90-577), the Federal Government will not hold any grantee which is a State or an agency or instrumentality of a State accountable for interest earned on grant funds pending their disbursement for project purposes.

(b) Grantees which are units of local government shall return to the Federal Government all interest earned on advances of grant funds (42 Comp. Gen. 289).

(c) Proceeds from the sale of real and personal property, either provided by the Federal Government or purchased in whole or in part with Federal funds, shall be handled in accordance with the "MA Property Handbook" which implements Attachment N of FMC 74-7.

(d) Royalties received from copyrights and patents during the grant period shall be retained by the grantee and be added to the funds already committed to the program. After termination or completion of the grant, the Federal share of royalties, which is any amount in excess of $200 received annually, shall be returned to the Department.

(e) All other gross income earned by grant-supported activities during the grant period shall be retained by the grantee and shall be added to funds committed to the project and be used to further project objectives.

§ 89.57 Matching share.

The criteria and procedures for evaluating and determining the allowability of cash and in-kind contributions made by grantees to satisfy the 10 percent matching requirement are those set forth in Attachment F of FMC 74-7.

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§ 89.58 Standards for grantee financial management systems.

(a) Each grantee shall operate a financial management system which provides for:

(1) Accurate, current, and complete disclosure of the financial results of the grant project in accordance with the Federal reporting requirements;

(2) Records which identify the source and application of funds for grant-supported activities, including records containing information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income;

(3) Effective control over and accountability for all funds, property and other assets to safeguard these assets and to ensure that they are used only for authorized purposes;

(4) The comparison of actual costs with amounts budgeted for the grant;

(5) Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the grantee when funds are advanced by the Federal Government;

(6) Drawdowns from the U.S. Treasury through the commercial bank as close as possible to the time of disbursements when advances are made by the letter-of-credit method;

(7) Procedures for determining the allowability and allocability of costs in accordance with the provisions of FMC 74-4; and

(8) Accounting Records which are supported by source documentation, including, in the case of enrollee wage and fringe benefit costs, time and attendance records.

(b) Each grantee shall audit or have audited the grant financial records to determine, at a minimum, the fiscal integrity of financial transactions and reports, and the compliance with laws, regulations and administrative requirements. The grantee shall schedule these audits with reasonable frequency, usually annually, but not less frequently than once every two years. The grantee shall establish a systematic method to assure timely and appropriate resolution of audit findings and recommendations.

(c) Because the Department requires financial reporting on an accrual basis, the grantee shall, when its own accounting system is not kept on that basis, develop the required reporting information through analysis of documentation on hand or on the basis of best estimates.

(d) Each grantee shall require subgrantees or contractors (i.e., recipients of subgrants or contracts which are passed through by the grantee) to adopt all the standards set forth in this section, except the standard applicable to letter-of-credit drawdowns as described in paragraph (a)(6) of this section.

§ 89.59 Financial reporting requirements.

(a) Each grantee shall periodically submit a Financial Status Report which, on an accrual basis, indicates total costs incurred by cost category including indirect costs, if any. This report shall be prepared to coincide with the ending dates for Federal fiscal year quarters and shall be submitted to the Department no later than 30 days after the end of the quarterly reporting period. If the grant period ends at a date other than the last day of a Federal fiscal year quarter, a final report covering the entire grant period shall also be required. Grantees must certify to the accuracy and completeness of the costs reported.

(b) Each grantee shall periodically submit a Report of Federal Cash Transactions. Grantees which receive annual grants totalling $1 million or more shall submit this report monthly; and all other grantees shall submit it quarterly.

(c) Specific instructions and procedures for preparing and submitting the Financial Status Report and the Report of Federal Cash Transactions are contained in the "Forms Preparation Handbook." These written procedures and instructions implement Attachment H of FMC 74-7. The Department will furnish a copy of the Handbook to each grantee.

§ 89.60 Monitoring and reporting project performance.

(a) Each grantee shall continually monitor the performance of grant supported activities to assure that project goals are being achieved and that the requirements of the Act and the regulations in this part are being met.

(b) Each grantee shall periodically submit a Senior Community Service Employment Program Quarterly Progress Report (QPR). This report shall be prepared to coincide with the ending dates for Federal fiscal year quarters and shall be submitted to the Department no later than 30 days after the end of the quarterly reporting period. If the grant period ends at a date other than the last day of a Federal fiscal year quarter, a final report covering the entire grant period shall also be required. The Department will provide specific instructions to grantees for the preparation of this report. The QPR provides the following types of information:

(1) Enrollment level, enrollment turnover and placements into unsubsidized jobs;

(2) The allocation of subsidized job positions among specific community service areas;

(3) The aggregate characteristics profile of project enrollees;

(4) The average wage received by project enrollees; and

(5) A brief narrative account of significant project accomplishments and problem areas.

(c) Each grantee shall, without regard to normal reporting periods, advise the Grant Officer of the following types of conditions as soon as they become known:

(1) Problems, delays, or adverse conditions which may materially affect the ability to attain project goals with an indication of what corrective action has been or will be taken and an indication of the Federal assistance, if any, which may be helpful in resolving the situation; and

(2) Favorable developments or events which will materially assist the project in meeting or exceeding its intended purposes and goals.

(d) If a performance review conducted by the grantee discloses the need for grant budget revision, the grantee shall submit a request for revision to the Grant Officer.

(e) The Department will make onsite visits as frequently as is practicable to review project accomplishments and management control systems and to provide technical assistance. Grantees shall cooperate fully with the Department in the performance of these visits.

§ 89.61 Payment procedures.

(a) Consistent with the requirements, criteria and standards stated in Attachment J of FMC 74-7, grant payments will be made through a letter of credit, an advance by Treasury check, or a reimbursement by Treasury check.

(b) Specific instructions and procedures for preparing forms associated with grant payments are contained in the "Forms Preparation Handbook."

(c) The Department may withhold payments for proper charges if the grantee has failed to comply with project objectives, grant award conditions, or Federal reporting requirements or if the grantee is indebted to the United States and collection of the debt will not impair the accomplishment of the objectives of any grant program sponsored by the United States. When it determines to withhold payments, the Department will inform the grantee with reasonable notice that payments will not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the United States is liquidated.

§ 89.62 Budget revision procedures.

(a) The grant budget is the approved financial plan for both the Federal and nonfederal shares to carry out the purposes of the grant as set forth in the grant agreement document. Grantees shall promptly request prior written approvals from the Grant Officer for budget revision whenever:

(1) The revision results from a net increase or decrease from the anticipated enrollment level of 15 percent or more or from other significant changes in the scope of the grant project;

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(2) The revision indicates a need for additional Federal funding;

(3) The Federal share of the grant budget is over $100,000 and the cumulative amount of transfers among direct cost object class budget categories exceeds or is expected to exceed $10,000, or 5 percent of the total grant budget, whichever is greater;

(4) The Federal share of the grant budget is $100,000 or less and the cumulative amount of transfers among direct cost object categories exceeds or is expected to exceed 5 percent of the total grant budget;

(5) The revision involves the transfer of amounts budgeted for indirect costs to absorb increases in direct costs;

(6) The revision pertains to the addition of cost items requiring approval in accordance with the provisions of FMC 74-4; or

(7) The grantee plans to transfer Federal funds allotted for enrollee wages and fringe benefits to other categories of expense.

(b) Before deviating from the grant budget in any manner described in paragraph (a) of this section, the grantee must obtain the prior written approval of the Grant Officer. All other deviations from the grant budget may be undertaken by the grantee without the approval of the Grant Officer. These deviations include the use of additional grantee funds to further the purposes of the project and the transfer of amounts budgeted for direct costs to absorb authorized increases in indirect costs. However, no grantee may deviate from the grant budget in a manner which violates the limitations on Federal funds stated in § 89.42.

(c) Each grantee shall promptly notify the Grant Officer when the amount of Federal funds authorized is expected to exceed actual needs by more than $5,000 or 5 percent of the Federal grant, whichever is greater.

(d) When requesting approval for budget revisions grantees must use the budget forms which are used in the grant agreement document. However, grantees may request by letter the cost item approvals required by FMC-74-4.

(e) Under normal circumstances, the Department will notify the grantee of budget revision approvals or disapprovals within 30 days of receipt of the request. If the revision request is still under consideration at the end of 30 days, the Department will inform the grantee in writing as to when the Department's decision will be forthcoming.

§ 89.63 Grant closeout procedures.

(a) Subsequent to the completion date of the grant, i.e., the date stated in the grant agreement document or any amendment thereto upon which Federal assistance under the grant ends, the grant must be closed out. Grant closeout is the process by which the Department determines that all required administrative actions and all required grant work have been completed by the grantee and the Department. The Department will notify each grantee of the procedures involved in the closeout of the grant. These procedures are described in paragraphs (a)(1) through (a)(8) of this section.

(1) If grant payments are made on a letter of credit, the Department will notify the grantee that the letter of credit is to be cancelled and that, following cancellation, any further payments under the grant will be made by Treasury check upon submission and approval of the required payment requests.

(2) Upon receipt and approval of the necessary requests, the Department will make prompt payment to the grantee for allowable reimbursable costs under the grant being closed out.

(3) Upon the Department's request, the grantee shall immediately refund any unencumbered balance of cash drawn down from the letter of credit or advanced by Treasury check. Items to be included with the refund check are detailed in the "Forms Preparation Handbook."

(4) Within 90 days after the completion date, the grantee shall submit the following financial and inventory reports which are described in the "Forms Preparation Handbook":

(i) A final Financial Status Report;

(ii) A final Report of Federal Cash Transactions;

(iii) The Grantee's Assignment of Refunds, Rebates, and Credits;

(iv) Bank Statement—Special Bank/Financial Account;

(v) Cancellation/Adjustment of Fidelity Bond;

(vi) A list of possible claimants for unclaimed checks cancelled or payment stopped;

(vii) Grant Closeout Tax Certification;

(viii) Government Property Inventory; and

(ix) Inventory Certificate.

(5) Within 90 days after the completion date, the grantee shall submit the Grantee's Release form as described in the "Forms Preparation Handbook."

(6) Within 30 days after the completion date, the grantee shall submit a final Senior Community Service Employment Program Quarterly Progress Report.

(7) After receipt of the documents and final reports described in paragraphs (a)(4) through (a)(6) of this section, the Department will make settlement for any upward or downward adjustment to the Federal share of costs.

(8) In the event a final audit has not been performed prior to closeout of the grant, the Department retains the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

(b) Suspension of a grant is an action by the Secretary which temporarily suspends Federal assistance under the grant pending corrective action by the grantee or pending a decision by the Secretary to terminate the grant. In the event that the Secretary determines that a grantee has failed to comply with stipulations, standards, or conditions of the grant agreement, the Secretary may, on reasonable notice to the grantee, suspend the grant, and withhold further payments, or prohibit the grantee from incurring additional obligations of grant funds, pending corrective action by the grantee or a decision to terminate in accordance with paragraph (c)(1) of this section. The Secretary may allow all necessary and proper costs which the grantee could not reasonably avoid during the period of suspension provided that they meet the provisions of FMC 74-4.

(c) The termination of a grant is the cancellation of Federal assistance, in whole or in part, under a grant at any time prior to the completion date.

(1) The Secretary may terminate any grant in whole, or in part, at any time before the date of completion, whenever it is determined that the grantee has failed to comply with the conditions of the grant. The Secretary will promptly notify the grantee in writing of the determination and the reasons for the termination, together with the effective date. Payments made to grantees or recoveries by the Department under grants terminated for cause shall be in accord with the legal rights and liabilities of the parties.

(2) A grant may be terminated in whole or in part when both the grantee and the Secretary agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Secretary will allow full credit to the grantee for the Federal share of the noncancellable obligations, properly incurred by the grantee prior to termination.

§ 89.64 Property management standards.

Standards for the management, control, and disposition of grant-acquired property are contained in the "MA Property Handbook." Grantees must adhere to the standards set forth in the handbook. A copy of the handbook, which implements Attachment N of FMC 74-7, will be furnished by the Department to each grantee.

§ 89.65 Procurement standards.

The standards to be used by grantees for the procurement of supplies, equipment, and other services with Federal grant funds are those stated in Attachment O of FMC 74-7. The term "procurement" does not include the award of subproject agreements described in § 89.43. The standards in Attachment O of FMC 74-7 do not, therefore, apply to the process by which a grantee awards a subproject agreement.

Subpart E—Administrative Standards for Project Agreements With Public and Private Institutions of Higher Education, Public and Private Hospitals, and Other Public and Private Nonprofit Organizations

§ 89.71 General.

This Subpart E states the Department's administrative requirements, standards, and procedures for project agreements awarded under the Act to public and private institutions of higher education, public and private hospitals, and other public and private nonprofit organizations, including Indian Tribes. These requirements, standards, and procedures reflect those described by the General Services Administration in their notice of proposed rulemaking for 34 CFR 258 which was published Monday, February 10, 1975, in the FEDERAL REGISTER (40 FR 6304-6312). The requirements, standards, and procedures stated in this subpart will be amended as any subsequent effective regulations in 34 CFR Part 258 might indicate. Each public or private institution of higher education, public or private hospital, or other public or private nonprofit organization, including any Indian Tribe, which is awarded a project agreement under the Act must conform to these requirements, standards and procedures. Hereinafter, these types of organizations will be referred to as "recipients."

§ 89.72 Cash depositories.

(a) A separate bank account shall be used when letter-of-credit agreements entered into by the recipient, the Federal Government and the bank involved provide that drawdowns will be made when the recipient's checks are presented to the bank for payment.

(b) Any Federal project funds which are advanced to a recipient are subject to the control and regulation of the United States and its officers agents or employees (public moneys as defined in Treasury Circular No. 176). Funds advanced must be deposited in a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage; and the balance exceeding FDIC coverage must be collaterally secured. In order to ensure that security is obtained, a special bank account with a lien in favor of the Federal Government is required when funds are advanced to a recipient.

(c) Except as provided by paragraphs (a) and (b) of this section, there are no Department of Labor requirements for the physical segregation of cash depositories for project funds which are provided to the recipient, nor are there any other requirements or eligibility standards for cash depositories in which Federal project funds are deposited by the recipient.

(d) Consistent with the national goal of expanding opportunities for minority business enterprises, recipients are encouraged to use minority banks (a bank at least 50 percent owned by minority group members).

§ 89.73 Bonding and insurance.

(a) When advance payments are made to the recipient, the recipient shall obtain fidelity bond coverage which meets the specifications described in paragraphs (a)(1) through (a)(6) of this section.

(1) Fidelity bond coverage shall be in the form of a blanket position bond with an approved corporate surety covering any and all officers and employees of the recipient organization who are involved in the activities of the project.

(2) The amount of the bond shall be $25,000 or the amount of the advance payment, whichever is less.

(3) If possible, both the recipient and the Secretary of Labor shall be named as the insureds. If this is not possible, the recipient shall be named as the insured.

(4) The period of coverage shall be at least one year, with a discovery period of no less than one year after the cancellation or other termination of the bond.

(5) The bond shall stipulate that the Department of Labor Contract/Grant Officer be given 35 days advance notice by the surety prior to making any material change in, or cancellation of, the bond. The advance notice shall be provided by certified mails.

(6) If the bond covers advance payments under funding agreements with more than one agency, the bond shall include a recovery provision for each Federal agency involved.

(b) Recipients shall obtain and maintain in force during the lifetime of the project agreement "third person liability insurance" of the types and in the amounts described in this paragraph.

(1) The recipient shall obtain and maintain Worker's Compensation insurance for his staff in the amounts required by State law. Worker's Compensation insurance coverage for project enrollees shall meet the requirements stated in § 89.33.

(2) The recipient shall obtain and maintain Occupational Diseases Insurance as required by applicable law. In an area where all occupational diseases are not compensable under applicable law, insurance for occupational diseases shall be secured under the employer liability section of the recipient's insurance policy. Minimum coverage per incident is $100,000.

(3) The recipient shall obtain and maintain Employer Liability insurance to cover any liability imposed upon the recipient, by law, for damages on account of personal injuries, including death resulting therefrom, sustained by the recipient's employees by reason of accident. Minimum coverage per incident is $100,000.

(4) The recipient shall obtain and maintain General Liability Insurance (Bodily Injury) to provide coverage against claims arising from bodily injury or death to third parties occurring on the recipient's business premises or through the recipient's operations, except those arising from motor vehicles away from the premises, those covered by Worker's Compensation Law, and other exclusions stated in the policy. The minimum coverage for bodily injury is $100,000 per person and $300,000 per accident.

(5) The recipient shall obtain and maintain Automobile Liability insurance. The required coverage is $100,000 per person and $300,000 per accident for bodily injury and $25,000 per accident for property damage. The types and amounts stated for vehicle insurance must apply to any vehicle operated or used in connection with project activities. In the event a privately-owned vehicle is used, the Federal Government's share of insurance premiums, including any additional coverage required to conform with the requirements of this paragraph, shall be prorated in accordance with the vehicle's actual use while conducting activities under the project.

§ 89.74 Records maintenance.

(a) Each recipient shall retain for a period of at least three years all financial records, supporting documents, statistical records, and all other records pertinent to the project. For types of project agreements other than contracts the retention period starts from the date of the submission of the final expenditure report or, for agreements which are renewed annually, from the date of the submission of the annual expenditure report. For contracts, the retention period starts from the date of final payment. For all types of project agreements, however:

(1) The records shall be retained beyond the three-year period for as long as any audit findings remain unresolved;

(2) Records for nonexpendable property acquired with Federal project funds shall be retained for three years after its final disposition; and

(3) When project records are transferred to or maintained by the Department, the three-year retention requirement does not apply to the recipient with respect to these records.

(b) Recipients may substitute microfilm copies in lieu of original records only with the written permission of the Contract/Grant Officer.

(c) When the Department determines that certain project records have long-term of historical retention value, the recipient shall, upon the Department's request, deliver the records to the Department. However, the recipient may request an arrangement to retain the records when they are continuously needed for joint use.

(d) The Secretary of Labor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the recipient and its agents which are pertinent to the project for the purpose of making audit, examination, excerpts and transcripts.

(e)(1) The names of project enrollees are considered public information. However, recipients shall maintain confidentiality of all other information regarding applicants for enrollment, project enrollees or their immediate families which may be obtained through application forms, interviews, tests, reports from public agencies or counselors, or any other source. Without the permission of the applicant or participant, such information shall be divulged only as necessary for purposes related to the performance or evaluation of the project to persons having official responsibilities in connection with the project and to governmental authorities to the extent necessary for the proper administration of law.

(2) No restrictions are placed on the recipient which will limit public access to project records not covered by paragraph (e)(1) of this section except that records must remain confidential when confidentiality is necessary for any of the following reasons:

(i) To prevent a clearly unwarranted invasion of personal privacy;

(ii) To specifically comply with a Federal Executive Order or statute requiring the record to be kept secret;

(iii) To protect commercial or financial information obtained from a person or a firm on a privileged or confidential basis; or

(iv) To avoid the disclosure of any other information which can be exploited for personal gain.

(f) Recipients shall maintain records on each project participant, including:

(1) Personal identifying information and characteristics;

(2) Residence;

(3) Project job description;

(4) Project activities and supportive services in which the individual participated; and

(5) Status of the participant upon termination from the project.

(g) Recipients shall maintain a record of each determination of participant eligibility, including any ground for an unfavorable determination. This requirement applies to persons who apply for enrollment and to persons who become enrolled and are subsequently determined to be ineligible for continuing enrollment.

§ 89.75 Project income.

(a) In accordance with Section 203 of the Intergovernmental Cooperation Act of 1968 (Pub. L. 90-577), the Federal Government will not hold any recipient which is an instrumentality of a State accountable for interest earned on project fund spending their disbursement for project purposes.

(b) Recipients which are not instrumentalities of a State shall remit to the Federal Government all interest earned on advances of Federal project funds.

(c) Proceeds from the sale of real and personal property, either provided by the Federal Government or purchased in whole or in part with Federal funds, shall be handled in accordance with the "Property Handbook for MA Contractors."

(d) Royalties received as a result of copyrights or patents will be retained by the recipient unless the terms of the project agreement provide otherwise.

(e) All other gross income earned by project activities during the project agreement period shall be retained by the recipient and shall be added to funds committed to the project and be used to further eligible project objectives.

§ 89.76 Matching share.

(a) Definitions of terms for the purposes of this section are provided in this paragraph.

(1) "Project costs" means all allowable costs incurred by a recipient (as set forth in the applicable Federal cost principles) and the value of in-kind contributions made by third parties in accomplishing the objectives of the project agreement during the project period.

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(2) "Matching share" means that portion of the project costs not borne by the Federal Government.

(3) "Cash contributions" means the recipient's cash outlay, including the outlay of money contributed to the recipient by non-Federal parties.

(4) "In-kind contributions" means the value of noncash contributions provided by the recipient and non-Federal third parties. Property purchased with Federal funds may not be considered as any part of the recipient's in-kind contribution. In-kind contributions may be in the form of real property and nonexpendable personal property, and the value of goods and services directly benefitting the project.

(b) The matching share may consist of items described in this paragraph.

(1) The matching share may include charges incurred by the recipient as project costs. It is acknowledged that not all charges require cash outlays by the recipient during the project period, such as depreciation and use charges for buildings and equipment.

(2) The matching share may include project costs financed with cash contributed or donated to the recipient by public agencies and institutions, and private organizations and individuals.

(3) The matching share may include project costs represented by services and real and personal property, or use thereof, donated by public agencies and institutions, and private organizations and individuals.

(c) All contributions, both cash and in-kind, will be accepted as part of the recipient's matching share when the contributions meet all the following criteria:

(1) Are verifiable from the recipient's records;

(2) Are not included as contributions to any other Federally assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges which would be allowable under the applicable cost principles;

(5) Are not paid by the Federal Government directly or indirectly under another agreement; and

(6) Conform to the other requirements and standards stated in this section.

(d) Values for recipient in-kind contributions will be established in accordance with the applicable cost principles.

(e) Specific procedures for recipients in establishing the value of in-kind contributions from non-Federal third parties are described in this paragraph.

(1) Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer service may be counted toward the matching share if the service is an integral and necessary part of the approved project. Rates for volunteers must be consistent with those paid for similar work in the recipient's organization. In instances when the required skills are not found in the recipient's organization, rates must be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. When an employer other than the recipient furnishes the services of an employee, these services must be valued at the employee's regular rate of compensation, provided that these services are in the same skill for which the employee is normally paid.

(2) Donated expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Values assessed to expendable personal property included in the matching share must be reasonable and must not exceed the market value of the property at the time of the donation.

(3)(i) Depreciation or use charges may be made for the contributed use of equipment, buildings, or land which directly supports project activities. The full value of equipment or other capital assets and fair rental charges for land may be included only if permitted and approved by the Department in writing.

(ii) The value of donated property will be determined in accordance with the usual accounting policies of the recipient with the following qualifications:

(A) The value of donated land and buildings may not exceed its fair market value at the time of donation as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration (GSA) representative);

(B) The value of donated nonexpendable personal property may not exceed the fair market value of equipment and property of the same age and condition at the time of donation;

(C) The value of donated space may not exceed the fair rental value of comparable space as established by an independent appraiser of comparable space and facilities in a privately owned building in the same locality; and

(D) The value of loaned equipment may not exceed its fair rental value.

(f) Volunteer services contributed from non-Federal third parties must be documented, to the extent feasible, by the same methods used by the recipient for its employees. Also, the basis used for determining the value of personal services, material, equipment and land contributed from non-Federal third parties must be documented.

§ 89.77 Standards for recipient financial management systems.

(a) Each recipient shall operate a financial management system which provides for:

(1) Accurate, current, and complete disclosure of the financial results of the project in accordance with the Federal reporting requirements;

(2) Records which identify the source and application of funds for Federally supported project activities, including records containing information pertaining to Federal project awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income;

(3) Effective control over and accountability for all funds, property and other assets to safeguard these assets and to ensure that they are used only for authorized purposes;

(4) The comparison of actual costs with amounts budgeted for the project;

(5) Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient when funds are advanced by the Federal Government;

(6) Drawdowns from the U.S. Treasury through the commercial bank as close as possible to the time of disbursements when advances are made by the letter-of-credit method;

(7) Procedures for determining the allowability and allocability of costs in accordance with the applicable Federal cost principles and the terms of the project agreement; and

(8) Accounting records which are supported by source documentation, including, in the case of enrollee wage and fringe benefit costs, time and attendance records.

(b) Each recipient shall conduct or arrange for examinations in the form of audits or internal audits of its financial transactions. These examinations may be performed only by individuals who are sufficiently independent of those who authorize the expenditure of Federal funds to produce unbiased opinions, conclusions or judgments. These examinations shall be made to ascertain the effectiveness of the financial management system and internal procedures that have been established to meet the terms and conditions of the project agreement. Examinations should be conducted on an organizationwide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the project agreement. The tests must include an appropriate resolution of audit findings agreement. Examinations must be conducted with reasonable frequency, but not less frequently than once every two appropriate sampling from the project years. The recipient shall establish a systematic method to assure timely and recommendations.

(c) Because the Department requires financial reporting on an accrual basis, the recipient shall, when its own accounting system is not kept on that basis, develop the required reporting information through analysis of documentation on hand or on the basis of best estimates.

(d) Recipients shall require subproject sponsors to adopt the standards stated in this section, except those for letter-of-credit drawdowns as described in paragraph (a)(6) of this section.

§ 89.78 Financial reporting requirements.

(a) Each recipient shall periodically submit a Financial Status Report which, on an accrual basis, indicates total costs incurred by cost category including indirect costs, if any. This report shall be prepared to coincide with the ending dates for Federal fiscal year quarters and shall be submitted to the Department no later than 30 days after the end of the quarterly reporting period. If the project period ends at a date other than the last day of a Federal fiscal year quarter, a final report covering the entire project period shall also be required. Recipients must certify to the accuracy and completeness of the cost reported.

(b) Each recipient shall periodically submit a Report of Federal Cash Transactions. Recipients which receive advances totalling $1 million or more per year shall submit this report monthly; and all other recipients shall submit it quarterly.

(c) Specific instructions and procedures for preparing and submitting the Financial Status Report and the Report of Federal Cash Transactions are contained in the "Forms Preparation Handbook." The Department will furnish a copy of the handbook to each recipient.

§ 89.79 Monitoring and reporting project performance.

(a) Each recipient shall continually monitor the performance of project activities to assure that project goals are being achieved and that the requirements of the Act and the regulations in this part are being met.

(b) Each recipient shall periodically submit a Senior Community Service Employment Program Quarterly Progress Report (QPR). This report shall be prepared to coincide with the ending dates for Federal fiscal year quarters and shall be submitted to the Department no later than 30 days after the end of the quarterly reporting period. If the project period ends at a date other than the last day of a Federal fiscal year quarter, a final report covering the entire project period shall also be required. The QPR shall be submitted for each subproject in cases where the recipient conducts a multi-city and multi-State project. The Department will provide specific instructions to recipients for the preparation of this report. The QPR provides the following types of information:

(1) Enrollment level, enrollment turnover and placements into unsubsidized jobs;

(2) The allocation of subsidized job positions among specific community service areas;

(3) The aggregate characteristics profile of project enrollees;

(4) The average wage received by project enrollees; and

(5) A brief narrative account of significant project accomplishments and problem areas.

(c) Each recipient shall, without regard to normal reporting periods, advise the Contract/Grant Officer of the following types of conditions as soon as they become known:

(1) Problems, delays, or adverse conditions which may materially affect the ability to attain project goals with an indication of what corrective action has been or will be taken and an indication of the Federal assistance, if any, which may be helpful in resolving the situation; and

(2) Favorable developments or events which will materially assist the project in meeting or exceeding its intended purposes and goals.

(d) If a performance review conducted by the recipient discloses the need for project budget revision, the recipient shall submit a request for revision to the Contract/Grant Officer.

(e) The Department will make onsite visits as frequently as is practicable to review project accomplishments and management control systems and to provide technical assistance. Recipients shall cooperate fully with the Department in these visits.

§ 89.80 Payment procedures.

(a) Consistent with all applicable Federal requirements, payments to recipients will be made through letter-of-credit, advance by Treasury check, or reimbursement by Treasury check.

The Department will provide specific instructions and procedures to each recipient.

(b) The Department may withhold payments for proper charges if the recipient has failed to comply with project objectives, award conditions, or Federal reporting requirements or if the recipient is indebted to the United States and the collection of the debt will not impair the accomplishment of the objectives of any project or program sponsored by the United States. When it determines to withhold payments, the Department will inform the recipient with reasonable notice that payment will not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the United States is liquidated.

§ 89.81 Budget revision procedures.

(a) The project budget is the approved financial plan for both the Federal and non-federal shares as set forth in the project agreement document. Recipients shall promptly request the prior written approval from the Contract/Grant Officer for budget revision whenever:

(1) The revision results from a net increase or decrease from the anticipated enrollment level of 15 percent or more, or from other significant changes in the scope of the grant project;

(2) The revision indicates a need for additional Federal funding;

(3) The Federal share of the budget is over $100,000 and the cumulative amount of transfers among direct cost object class budget categories exceeds or is expected to exceed 5 percent of the total budget;

(4) The revision involves the transfer of amounts budgeted for indirect costs to absorb increases in direct costs or vice versa;

(5) The revision pertains to expenditures which require approval in accordance with FMC 73-8 (34 CFR Part 254); or

(6) The recipient plans to transfer Federal funds allotted for enrollee wages and fringe benefits to other categories of expense.

(b) Before deviating from the project budget in any manner described in paragraph (a) of this section, the recipient must obtain the prior written approval of the Contract/Grant Officer. All other deviations from the project budget may be undertaken by the recipient without the approval of the Contract/Grant Officer. These deviations include the use of additional recipient funds to further the purposes of the project. However, no recipient may deviate from the project budget in a manner which violates the limitations on Federal funds stated in § 89.42.

(c) Each recipient shall promptly notify the Contract/Grant Officer when the amount of Federal funds authorized is expected to exceed actual needs by more than $5,000 or 5 percent of the Federal award, whichever is greater.

(d) When requesting approval for budget revisions, recipients must use the budget forms which are used in the project agreement document.

(e) Under normal circumstances, the Department will notify the recipient of budget revision approvals or disapprovals within 30 days of receipt of the request. If the revision request is still under consideration at the end of 30 days, the Department will inform the recipient in writing as to when the Department's decision will be forthcoming.

§ 89.82 Closeout procedures.

Subsequent to the completion date of the agreement, i.e., the date stated in the agreement document or any amendment thereto upon which Federal assistance under the agreement ends, the agreement must be closed out. Closeout is the process by which the Department determines that all required administrative actions and all required project work have been completed by the recipient and the Department. The Department will notify each recipient of the procedures involved in the closeout of the agreement. These procedures are described in this section.

(a) If payments are made on a letter of credit, the Department will notify the recipient that the letter of credit is to be cancelled and that, following cancellation, any further payments under the agreement will be made by Treasury check upon submission and approval of the required payment requests.

(b) Upon receipt and approval of the necessary requests, the Department will make prompt payment to the recipient for allowable reimbursable costs under the agreement being closed out.

(c) Upon the Department's request, the recipient shall immediately refund any unencumbered balance of cash drawn down from the letter of credit or advanced by Treasury check. Items to be included with the refund check are detailed in the "Forms Preparation Handbook."

(d) Within 90 days after the completion date, the recipient shall submit the following financial and inventory reports:

(1) A final Financial Status Report;

(2) A final Report of Federal Cash Transactions;

(3) The Assignment of Refunds, Rebates, and Credits;

(4) Bank Statement-Special Bank/Financial Account;

(5) Cancellation/Adjustment of Fidelity Bond;

(6) A list of possible claimants for unclaimed checks canceled or payment stopped;

(7) Closeout Tax Certification;

(8) Government Property Inventory; and

(9) Inventory Certificate.

(e) Within 90 days after the completion date, the recipient shall submit the required Release form.

(f) Within 30 days after the completion date, the recipient shall submit a final Senior Community Service Employment Program Quarterly Progress report.

(g) After receipt of the documents and final reports described in paragraphs (a) through (f) of this section, the Department will make settlement for any upward or downward adjustment to the Federal share of costs.

(h) In the event a final audit has not been performed prior to closeout of the agreement, the Department retains the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

§ 89.33 Suspension and termination procedures.

(a) Suspension of an agreement is an action by the Secretary which temporarily suspends Federal assistance under the agreement pending corrective action by the recipient or pending a decision by the Secretary to terminate the agreement. In the event that the Secretary determines that a recipient has failed to comply with stipulations, standards, or conditions of the agreement, the Secretary may, on reasonable notice to the grantee, suspend the agreement, and withhold further payments, or prohibit the recipient from incurring additional obligations of Federal funds, pending corrective action by the recipient or a decision to terminate in accordance with paragraph (b)(1) of this section. The Secretary may allow all necessary and proper costs which the recipient could not reasonably avoid during the period of suspension provided that they meet the provisions of the applicable costs principles.

(b) The termination of an agreement is the cancellation of Federal assistance, in whole or in part, under an agreement at any time prior to the completion date.

(1) The Secretary may terminate any agreement in whole, or in part, at any time before the date of completion, whenever it is determined that the recipient has failed to comply with the conditions of the agreement. The Secretary will promptly notify the recipient in writing of the determination and the reasons for the termination, together with the effective date. Payments made to recipients or recoveries by the Department under agreements terminated for cause shall be in accord with the legal rights and liabilities of the parties.

(2) An agreement may be terminated in whole or in part when both the recipient and the Secretary agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The recipi-

ent shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Secretary will allow full credit to the recipient for the Federal share of the noncancellable obligations, properly incurred by the recipient prior to termination.

(3) If the agreement is in the form of a contract, the Contracting Officer may cancel the agreement (i.e., contract) in whole or in part whenever the Contracting Officer determines that termination would be in the best interest of the Government.

§ 89.84 Property management standards.

Standards for the management, control, and disposition of property acquired under the agreement are contained in the "Property Handbook for MA Contractors." Recipients shall adhere to the standards set forth in the handbook. A copy of the handbook will be furnished by the Department to each recipient.

§ 89.85 Procurement standards.

(a) Recipients shall procure supplies, equipment and other services with Federal project funds in an effective manner and in compliance with the provisions of applicable Federal law and executive orders. Recipients shall rely on the private sector to provide goods and services to the extent feasible. The term "procurement" refers to the acquisition of supplies, equipment and other services from outside sources which are to be used by the recipient in carrying out its organizational mission and responsibilities under the project. The term "procurement" does not refer to the award of subproject agreements. The standards described in this section do not, therefore, apply to the process by which the recipient awards a subproject agreement, except as otherwise noted specifically in this section.

(b) The recipient shall maintain a code or standard of conduct which shall govern the performance of its officers, employees and agents in the award and administration of procurement contracts and subproject agreements using Federal projects funds. The recipient's officers, employees and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from actual or potential contractors or subproject sponsors. The recipient's code or standard of conduct shall provide for disciplinary actions against persons who violate the code or standard.

(c)(1) All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or noncompetitive practices among contractors which may eliminate competition or otherwise restrain trade. Procurement awards shall be made to the bidder/offeror with the lowest bid provided the bidder/offeror is responsible and its bid/offer is responsive to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations for procurements must describe clearly the requirements which the bidder/offeror must meet in order for the bid/offer to be evaluated by the recipient. Any and all bids/offers may be rejected when it is in the recipient's interest to do so.

(2) All awards of subproject agreements must be made on the most practical competitive basis. Recipients are encouraged to consider as many potential subproject sponsors in an area as is reasonable in order to select the one which assures the most effective use of Federal project funds.

(d) Recipients shall establish procurement procedures which, as a minimum, are based on the requirements described in this paragraph.

(1) Proposed procurement actions shall include procedure to assure the avoidance of purchasing unnecessary or duplicative items. When appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical, practical procurement.

(2) Solicitations for supplies and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand name or equal" descrip-

tion may be used as a means to define the performance or other salient requirements of a procurement, and when so used the specific features of the name brand which must be met by bidders/offerors shall be clearly specified.

(3) Positive efforts must be made by recipients to utilize small businesses and minority-owned businesses as sources of supplies and services. These efforts should focus on allowing these types of sources the maximum feasible opportunity to compete for procurement awards under the project agreement.

(4) The type of procuring instruments used, e.g., fixed price contracts, cost reimbursement contracts, purchase orders, and incentive contracts, shall be determined by the recipient to be appropriate for the particular procurement and for promoting the best interests of the project. The "cost plus a percentage of cost" method of contracting may not be used.

(5) Procurement contracts may be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources, or accessibility to other necessary resources.

(6) No proposed sole source procurement contracts in which the aggregate expenditure is expected to exceed $5,000 may be awarded without prior written approval from the Contract/Grant Officer.

(7) Procurement records and files for purchases in excess of $10,000 shall include:

(i) Basis for contractor selection;

(ii) Justification for lack of competition when competitive bids or offers are not obtained and the written authority of the Contract/Grant Officer for the noncompetitive procurement as is required by paragraph (d)(7) of this section; and

(iii) Basis for award cost or price.

(8) A system for procurement contract administration shall be maintained to ensure contractor conformance with terms, conditions and specifications of the contract and to ensure adequate and timely followup of all purchases.

(e) In addition to provisions which provide for a sound and complete agreement, the recipient shall include in procurement agreements the provisions described and required by paragraphs (e)(1) through (e)(5) of this section. These provisions shall also be applied to subcontracts.

(1) Contracts in excess of $10,000 shall contain provisions or conditions that will allow for administrative, contractual, or legal remedies in instances in which contractors violate or breach contract terms and provide for such remedial actions as may be appropriate.

(2) All contracts in excess of $10,000 must contain suitable provisions for termination by the recipient including the manner by which termination will be effected and the basis for settlement. In addition, these contract provisions must describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

(3) Contracts or agreements, the principal purpose of which is to create, develop, or improve products processes, or methods; or for exploration into fields which directly concern public welfare, shall contain a notice to the effect that matters regarding rights to inventions and materials generated under the contract or agreement are subject to the Department's regulations and recipient's regulations. The contractor must be advised as to the source of additional information regarding these matters.

(4) All negotiated procurement contracts in excess of $2,500 shall include a provision to the effect that the recipient, the Department, the Comptroller General of the United States, and any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to the activities of the project.

(5) Procurement agreements and subproject agreements in excess of $100,000 shall contain a provision

which requires the awardee to agree to comply with all applicable standards, orders, and regulations issued pursuant to the Clean Air Act of 1970. Violations must be reported to the Department and the Regional Office of the Environmental Protection Agency.

(f) The standards contained in this section in no way relieve the recipient of contractual responsibilities arising under its contracts or subproject agreements. The recipient is the responsible authority, without recourse to the Department, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements and subproject awards entered into in support of the project agreement. This includes disputes, claims, protests of award, source evaluation, or other matters of a contractual nature. Matters concerning violation of law are to be referred to the appropriate local, State, or Federal authority.

Subpart F—Interagency Agreements

§ 89.91 Administration.

(a) The Secretary will require other Federal establishments which receive and utilize funds under the Act to submit financial reports and project progress reports. However, the Secretary will not require these reports to be submitted more frequently than quarterly.

(b) The Secretary will require other Federal establishments which receive and utilize funds under the Act to maintain the standard records on individual participants and participant activities.

(c) In all aspects of project administration other than those described in paragraphs (a) and (b) of this section, Federal establishments which receive and utilize funds under the Act may use their normal administrative procedures.

Subpart G—Assessment and Evaluation

§ 89.96 General.

This Subpart G sets forth the procedures which will be observed by the Department in assessing and evaluating the results and effectiveness of projects under the Act. The Department will assess project sponsors to determine whether they are carrying out the purposes and provisions of the Act in accordance with their project agreements. The Secretary will also evaluate the overall program conducted under the Act to aid in the overall administration of the Act.

§ 89.97 Responsibilities of the Secretary.

(a) As used in this section, the term "assessment" means the Federal review of the performance of individual project sponsors; and the term "evaluation" means the Federal study of the overall results and effectiveness of the Senior Community Service Employment Program.

(b) The Secretary has the responsibility to determine whether project sponsors are operating in accord with their respective project agreements in carrying out the purposes and provisions of the Act and are demonstrating maximum efforts to achieve the stated goals and objectives of their projects.

(c)(1) Assessment will be conducted through the review of required periodic reports and, as necessary, will be supplemented with special reports from project sponsors, selective on-site reviews, including the investigation of allegations or complaints, or other examination as may be deemed necessary and appropriate by the Secretary.

(2) Assessment may also be conducted for purposes of offering technical assistance and recommendations for corrective actions to project sponsors as considered necessary.

(d) The Secretary has the responsibility to provide for the continuing evaluation of all projects and activities conducted under the Act. These studies will include examination of:

(1) Cost in relation to effectiveness;

(2) Impact on communities and participants;

(3) Implications for related programs;

(4) Extent to which the needs of the target client group are being met;

(5) Adequacy of mechanisms for the administration of the Senior Community Service Employment Program;

(6) Opinions of participants about the strengths and weaknesses of projects; and

(7) The extent to which artificial barriers restricting employment and advancement opportunities in organizations receiving funds under the Act have been removed.

(e) The Secretary will compile, on a State, regional, and national basis, information obtained from periodic reports or special reports, surveys or samples required from project sponsors, including information related to:

(1) Enrollee characteristics;

(2) Levels of enrollment and turnover in enrollment;

(3) Allocation of enrollment positions among specific areas of community service employment; and

(4) Costs.

(f) Evaluations carried out in accordance with paragraph (d) of this section may be conducted directly by the Department or through contract, grant or other arrangement as the Secretary deems necessary and appropriate.

§ 89.98 Limitation.

The Secretary may not, in arranging for the evaluation of projects under the Act, utilize for such evaluation any nongovernmental individual institution or organization which is associated with any project as a consultant, technical advisor or in any similar capacity.

Subpart H—Consultation With Other Agencies

§ 89.99 Consultation.

(a) The Secretary will consult with and obtain the written views of the Commissioner of the Administration on Aging prior to the establishment or revision of general policy in the administration of the Act.

(b) The Secretary will, through the Commissioner of the Administration on Aging, consult with State and area agencies on aging with regard to:

(1) The localities in which projects are most needed;

(2) The employment situations and the type of skills possessed by eligible individuals at the local level; and

(3) Potential projects and the number and percentage of eligible individuals in the local populations.

(c) The Secretary will consult and cooperate with the Director of the Community Services Administration, the Secretary of Health, Education and Welfare, and the heads of other Federal agencies carrying out related programs in order to achieve optimal coordination with these other programs and to otherwise carry out the Department's responsibilities under the Act.

PART 90—CERTIFICATION OF ELIGIBILITY TO APPLY FOR WORKER ADJUSTMENT ASSISTANCE

Subpart A—General

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AUTHORITY: Sec. 248, Pub. L. 93-618, 88 Stat. 2029 (19 U.S.C. 2320).

SOURCE: 42 FR 32772, June 28, 1977, unless otherwise noted.

Subpart A—General

§ 90.1 Purpose.

The purpose of this Part 90 is to set forth regulations relating to the responsibilities vested in the Secretary of Labor by the Trade Act of 1974 (Pub. L. 93-618) concerning petitions and determinations of eligibility to apply for worker adjustment assistance. Section 248 of the Act directs the Secretary of Labor to prescribe regulations which will implement the provisions relating to adjustment assistance for workers. This part will provide for the prompt and effective disposition of workers' petitions for certification of eligibility to apply for adjustment assistance. It reflects delegations of authority which will be published in the FEDERAL REGISTER (40 FR 17863, 40 FR 22048).

§ 90.2 Definitions.

As used in this part, the term:

"Act" means the Trade Act of 1974, Pub. L. 93-618, 88 Stat. 1978, 2011-2030 (19 U.S.C. 2271-2322).

"Appropriate subdivision" means an establishment in a multi-establishment firm which produces the domestic articles in question or a distinct part or section of an establishment (whether or not the firm has more than one establishment) where the articles are produced. The term "appropriate subdivision" includes auxiliary facilities operated in conjunction with (whether or not physically separate from) production facilities.

"Certifying officer" means an official in the Bureau of International Labor Affairs, U.S. Department of Labor, who has been delegated responsibility to make determinations and issue certifications of eligibility to apply for adjustment assistance, preside at public hearings under section 221(b) of the Act, issue subpenas, and perform such further duties as may be required by the Secretary or by this Part 90.

"Commission" means the United States International Trade Commission, formerly named the United States Tariff Commission.

"Date of the petition" means the date thereon, but which in no event shall be more than 30 days before the date of filing.

"Date of filing" means the date on which petitions and other documents are received in the Office of Trade Adjustment Assistance, Bureau of International Labor Affairs, U.S. Department of Labor, Washington, D.C. 20210.

"Date of issuance" means the date on which a certification of eligibility to apply for adjustment assistance is signed by the certifying officer.

"Director" means the Director of the Office of Trade Adjustment Assistance, Bureau of International Labor Affairs, U.S. Department of Labor, Washington, D.C. The Director is responsible for the conduct of worker investigations under this part and for recommending to the certifying officer whether or not to issue certifications of eligibility to apply for adjustment assistance.

"Firm" includes an individual proprietorship, partnership, joint venture, association, corporation (including a development corporation), business trust, cooperative, trustee in bankruptcy, and receiver under decree of any court. A firm, together with any predecessor or successor-in-interest, or together with any affiliated firm controlled or substantially beneficially owned by substantially the same persons, may be considered a single firm.

"Group" means three or more workers in a firm or an appropriate subdivision thereof.

"Increased imports" means that imports have increased either absolutely or relatively, and would generally mean those increases as have occurred from a representative based period subsequent to the effectiveness of the most recent trade agreement concessions proclaimed by the President beginning in 1968.

"Layoff" means a suspension from pay status for lack of work initiated by the employer and expected to last for no less than seven (7) consecutive calendar days.

"Like or directly competitive" means that "like" articles are those which are substantially identical in inherent or intrinsic characteristics (i.e., materials from which the articles are made, appearance, quality, texture, etc.); and "directly competitive" articles are those which, although not substantially identical in their inherent or intrinsic characteristics, are substantially equivalent for commercial purposes (i.e., adapted to the same uses and essentially interchangeable therefor).

An imported article is "directly competitive with" a domestic article at an earlier or later stage of processing, and a domestic article is "directly competitive with" an imported article at an earlier or later stage of processing, if the importation of the article has an economic effect on producers of the domestic article comparable to the effect of importation of articles in the same stage of processing as the domestic article.

"Partial separation" means, with respect to an individual who has not been totally separated, that:

(a) The worker's hours of work have been reduced to 80 percent or less of the worker's average weekly hours at the firm or appropriate subdivision thereof, and

(b) The worker's wages have been reduced to 80 percent or less of the worker's average weekly wage at the firm or appropriate subdivision thereof.

"Secretary" means the Secretary of Labor, U.S. Department of Labor.

"Significant number or proportion of the workers" means that:

(a) In most cases the total or partial separations, or both, in a firm or appropriate subdivision thereof, are the equivalent to a total unemployment of five percent (5 percent) of the workers or 50 workers, whichever is less; or

(b) At least three workers in a firm (or appropriate subdivision thereof) with a work force of fewer than 50 workers would ordinarily have to be affected.

"Threatened to begin" means, in the context of impending total or partial separations, the date on which it could reasonably be predicted that separations were imminent.

"Total separation" means the layoff or severance of an individual from a firm or an appropriate subdivision thereof.

§ 90.3 Applicability of part.

This Part 90 generally relates to certifications of eligibility made under the Act. Subpart B specifically applies to the initiation and conduct of worker investigations and the issuance of determinations and certifications of eligibility to apply for adjustment assistance. Subpart C applies to studies of workers in industries which are the subject of investigations for industry import relief. Subpart D contains general provisions with respect to filing of documents and public availability of documents.

Subpart B—Petitions and Determinations of Eligibility To Apply for Adjustment Assistance

§ 90.11 Petitions.

(a) *Who may file petitions.* A petition under section 221(a) of the Act and this Subpart B shall be filed by a group of workers for a certification of eligibility to apply for adjustment assistance or by their certified or recognized union or other duly authorized representative.

(b) *Identification of petitioners.* Every petition filed with the Department shall clearly state the group of workers on whose behalf the petition is filed and the name(s) and address(es) of the person(s) by whom the petition is filed. Every petition shall be signed by at least three individuals of the petitioning group or by an official of a certified or recognized union or other duly authorized representative. Signing of a petition shall constitute acknowledgement that each signer has read the entire petition, that to the best of the signer's knowledge and belief the statements therein are true, and that each signer is duly authorized to sign such a petition.

(c) *Contents.* Petitions may be filed on a U.S. Department of Labor form. Copies of this form may be obtained at State Employment Security Agency local offices or by writing the Office of Trade Adjustment Assistance, Bureau of International Labor Affairs, U.S. Department of Labor, Washington, D.C. 20210. Every petition shall include: (1) The name(s), address(es), and telephone number(s) of the petitioner(s); (2) The name or a description of the group of workers on whose behalf the petition is filed (e.g., all hourly and salaried employees of the XYZ plant of ABC corporation); (3) The name and address of the workers' firm or appropriate subdivision thereof; (4) the name, address, telephone number, and title of an official of the firm; (5) The approximate date(s) on which the total or partial separation of a significant number or proportion of the workers in the workers' firm or subdivision began and continued, or threatened to begin, and the approximate number of workers affected by such actual or threatened total or partial separations; (6) A statement of reasons for believing that increases of like or directly competitive imports contributed importantly to total or partial separations and to the decline in the sales or production (or both) of the firm or subdivision (e.g., company statements, articles in trade association publications, etc.); and (7) A description of the articles produced by the workers' firm or appropriate subdivision, the production or sales of which are adversely affected by increased imports, and a description of the imported articles concerned. If available, the petition also should include information concerning the method of manufacture, end uses, and wholesale or retail value of the domestic articles produced and the United States tariff provision under which the imported articles are classified.

(d) *Number of copies.* One (1) signed original and two (2) clear copies of the petition shall be filed. The name(s) of the person(s) signing the petition shall be typewritten or otherwise clearly reproduced.

(Approved by the Office of Management and Budget under OMB control no. 1205-0192)

[42 FR 32772, June 28, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

§ 90.12 Investigation.

Upon receipt of a petition, properly filed, the Director of the Office of Trade Adjustment Assistance shall promptly publish notice in the FEDERAL REGISTER that the petition has been received. The Director shall initiate, or order to be initiated, such investigation as he determines to be necessary and appropriate. The investigation may include one or more field visits to verify information furnished by the petitioner(s) and to elicit other relevant information. In the course of the field investigation representatives of the Department shall be authorized to meet with and obtain information from responsible company officials, union officials, employees and other interested parties, or organizations, both private and public as may be necessary to marshal all relevant facts to recommend an appropriate finding with respect to the issuance of a determination of eligibility to apply for adjustment assistance. Upon conclusion of the investigation a report thereof, including a recommendation regarding group eligibility shall be made, as more specifically defined in § 90.16 of this Part 90.

(Approved by the Office of Management and Budget under OMB control nos. 1205-0197, 1205-0190, 1205-0191)

[42 FR 32772, June 28, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

§ 90.13 Public hearings.

(a) *When held.* A public hearing shall be held in connection with an investigation instituted under § 90.12 whenever, not later than ten (10) days after the date of publication in the FEDERAL REGISTER of the notice of receipt of the petition, such a hearing is requested in writing by:

(1) The petitioner; or

(2) Any other person found by the Secretary or certifying officer to have a substantial interest in the proceedings. Such petitioner and other interested persons shall be afforded an opportunity to be present, to produce evidence, and to be heard.

(b) *Form of request.* A request for public hearing shall be filed in the same manner as provided for filing of petitions and other documents under § 90.31(a). A request by a person other than the petitioner shall contain:

(1) The name, address, and telephone number of the person, organization, or group requesting the hearing; and

(2) A complete statement of the relationship of the person, organization, or group requesting the hearing to the petitioner or the subject matter of the petition and a statement of the nature of its interest in the proceeding.

(c) *Time and place.* Public hearings will be held at the time and place specified in a notice published in the FEDERAL REGISTER. Such notice shall be published at least seven (7) calendar days before the scheduled hearing.

(d) *Presiding officers.* A certifying officer shall conduct and preside over public hearings.

(e) *Order of testimony.* Witnesses will testify in the order designated by the presiding officer. Each witness, after being duly sworn, will proceed with testimony. After testifying, a witness may be questioned by the presiding officer or an agent designated by the presiding officer. Any person who has entered an appearance in accordance with paragraph (j) of this section may direct questions to the witness, but only for the purpose of assisting the presiding officer in obtaining relevant and material facts with respect to the subject matter of the hearing.

(f) *Evidence.* Witnesses may produce evidence of a relevant and material nature to the subject matter of the hearing.

(g) *Briefs.* Briefs of the evidence produced at the hearing and arguments thereon may be presented to the presiding officer by parties who have entered an appearance. Three (3) copies of such briefs shall be filed with the presiding officer within ten (10) days of the completion of the hearing.

(h) *Oral argument.* The presiding officer shall provide opportunity for oral argument after conclusion of the testimony in a hearing. The presiding officer will determine in each instance the time to be allowed for argument and the allocation thereof.

(i) *Authentication of evidence.* Evidence, oral or written, submitted at hearings, will upon order of the presiding officer be subject to verification from books, papers, and records of the parties submitting such evidence and from any other available sources.

(j) *Transcripts.* All hearings will be stenographically reported. Persons interested in transcripts of the hearings may inspect them at the U.S. Department of Labor in Washington, D.C., or purchase copies as provided in 29 CFR 70.62(c).

(k) *Appearances.* The petitioner or any other person showing a substantial interest in the proceedings may enter an appearance at a hearing, either in person or by a duly authorized representative.

§ 90.14 Subpena power.

(a) The Secretary or certifying officer may require by subpena the attendance and testimony of witnesses and the production of evidence necessary to make a determination.

(b) If a person refuses to obey a subpena issued under paragraph (a) of this section, the Secretary or a certifying officer may petition the United States District Court within the jurisdiction of which the proceeding is being conducted requesting an order requiring compliance with such subpena.

(c) Witnesses subpenaed under this section shall be paid the same fees and mileage as are paid for like services in the District Court of the United States. The witness fees and mileage shall be paid by the United States Department of Labor.

(d) Subpenas issued under paragraph (a) of this section shall be signed by a certifying officer and shall be served either in person by an authorized representative of the Department of Labor or by certified mail, return receipt requested. The date for compliance shall be not earlier than seven (7) calendar days following service of the subpena.

§ 90.15 Recommendation.

As promptly as possible, but in any event not later than 45 days after the filing of a worker petition, the Director of the Office of Trade Adjustment Assistance shall submit to the certifying officer recommendations concerning whether or not to issue a certification of eligibility to apply for adjustment assistance. These recommendations shall be forwarded together with an investigative report, proposed findings of fact, transcripts of any public hearing conducted under this subpart, and other material developed during the investigation.

§ 90.16 Determinations and certifications of eligibility to apply for adjustment assistance.

(a) *General.* Not later than 15 days after receipt of the recommendations forwarded pursuant to § 90.15, the certifying officer shall make a determination on the petition and where affirmative issue a certification of eligibility as provided below.

(b) *Requirements for determinations.* After reviewing the material submitted under § 90.15, including any supplemental material which may be required in reaching a determination the certifying officer shall make findings of fact concerning whether:

(1) A significant number or proportion of the workers in such workers' firm (or an appropriate subdivision of the firm) have become, or are threatened to become, totally or partially separated;

(2) Sales or production, or both, of such firm or subdivision have decreased absolutely; and

(3) Increases (absolute or relative) of imports of articles like or directly competitive with articles produced by such workers' firm or an appropriate subdivision thereof contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production. For purposes of this paragraph and part, the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

(c) *Notice of affirmative determination and certification of eligibility.* Upon reaching a determination on a petition that a group of workers has met all the requirements set forth in section 222 of the Act and paragraph (b) of this section, the certifying officer shall issue a certification of eligibility to apply for adjustment assistance and shall promptly publish in the Federal Register a summary of the determination together with the reasons for making such determination (with the exception of information which the certifying officer determines to be confidential). Such summary shall include the certification of eligibility and shall constitute a Notice of Determination and Certification of Eligibility.

(d) *Contents of certification of eligibility.* The certification shall specify in detail:

(1) The firm or subdivision thereof at which the workers covered by the certification have been employed (which need not be limited to the unit specified in the petition), and may identify individual workers by name; and

(2) The impact date(s) on which the total or partial separations of the workers covered by the certification began or threatened to begin. When applicable, the certification shall specify the date(s) after which the total or partial separations of the petitioning group of workers from the firm or subdivision thereof specified in the certification are no longer attributable to the conditions set forth in paragraph (b) of this section. For purposes of this section, the "impact date" is the earliest date on which any part of the total or partial separations involving a significant number or proportion of workers began or threatened to begin.

(e) *Exclusions from coverage of a certification of eligibility.* A certification of eligibility to apply for adjustment assistance shall not apply to any worker:

(1) Whose last total or partial separation from the firm or appropriate subdivision occurred more than one (1) year before the date of the petition; or

(2) Whose last total or partial separation from the firm or appropriate subdivision occurred before October 3, 1974.

(f) *Notice of negative determination.* Upon reaching a determination that a group of workers has not met all the requirements set forth in section 222 of the Act and paragraph (b) of this section, the certifying officer shall promptly publish in the Federal Register a summary of the determination together with the reasons for making such determinations (with the exception of information which the certifying officer determines to be confidential). Such summary shall constitute a Notice of Negative Determination.

(g) *Notice of Determinations.* A notice of certification may contain a notice of negative determination with respect to certain seqments of workers. Such notice shall constitute a Notice of Determinations.

§ 90.17 Termination of certifications of eligibility.

(a) *Investigation.* Whenever the Director of the Office of Trade Adjustment Assistance has reason to believe, with respect to any certification of eligibility, that the total or partial separations from a firm or appropriate subdivision thereof are no longer attributable to the conditions specified in section 222 of the Act and § 90.16(b), the Director shall promptly make an investigation. Notice of the initiation of the investigation shall be published in the FEDERAL REGISTER and shall be transmitted to the group of workers concerned.

(b) *Opportunity for comment and hearing.* Within 10 days after publication of the notice under paragraph (a) of this section, the group of workers or other persons showing a substantial interest in the proceedings may request a public hearing or may make written submissions to show why the certification should not be terminated. If a hearing is requested under this paragraph, such hearing shall be conducted in accordance with § 90.13.

(c) *Recommendation.* Upon the conclusion of any public hearing conducted under this section, and after consideration of any written comments received under paragraph (b) of this section, the Director shall recommend to the certifying officer whether or not the certification should be terminated.

(d) *Notice of termination.* Within ten (10) days of receipt of a report recommending termination of a certification of eligibility, the certifying officer shall determine whether or not such certification shall be terminated. Upon reaching a determination that the certification of eligibility shall be terminated, the certifying officer shall make findings of fact and shall promptly have published in the FEDERAL REGISTER a summary of the determination and the reasons therefor (with the exception of information which the certifying officer determines to be confidential). Such summary shall constitute a Notice of Termination. Such termination shall apply only with respect to total or partial separations occurring after the termination date specified by the certifying officer. The termination date specified by the certifying officer shall be not sooner than the date on which notice of such termination is published in the FEDERAL REGISTER.

(e) *Notice of Partial Termination.* A notice of termination may cover only a portion of the group of workers specified in the certification. Such notice shall constitute a Notice of Partial Termination.

(f) *Notice of Continuation of Certification.* Upon reaching a determination that the certification of eligibility should be continued, the certifying officer shall promptly publish in the FEDERAL REGISTER a summary of the determination with the reasons therefor. Such summary shall constitute a Notice of Continuation of Certification.

§ 90.18 Reconsideration of determinations.

(a) *Determinations subject to reconsideration; time for filing.* Any worker, group of workers, certified or recognized union, or authorized representatives of such worker or group, aggrieved by a determination issued pursuant to the Act and §§ 90.16(c), 90.16(f), 90.16(g), or 90.17(d) may file an application for reconsideration of the determination with the Office of Trade Adjustment Assistance, Bureau of International Labor Affairs, U.S. Department of Labor, 200 Constitution Avenue, Washington, D.C. 20210. All applications must be in writing and must be filed no later than thirty (30) days after the notice of the determination has been published in the FEDERAL REGISTER.

(b) *Contents of application for reconsideration.* An application for reconsideration shall include: (1) Name(s), address(es), and telephone number of the applicant(s); (2) The name or a description of the group of workers on whose behalf the application for reconsideration is filed; (3) The name and case number of the determination complained of; and (4) A

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statement of reasons for believing that the determination complained of is erroneous. If the application is based, in whole or in part, on facts not previously considered in the determination, such facts shall be specifically set forth. If the application is based, in whole or in part, on an allegation that the determination complained of was based on mistake of facts which were previously considered, such mistake of facts shall be specifically set forth. If the application is based, in whole or in part, on an allegation as to a misinterpretation of facts or of the law, such misinterpretation shall be specifically set forth.

(c) *Determination regarding application for reconsideration.* Not later than fifteen (15) days after receipt of the application for reconsideration, the certifying officer shall make and issue a determination granting or denying reconsideration. The certifying officer may grant an application for reconsideration under the following circumstances: (1) If it appears on the basis of facts not previously considered that the determination complained of was erroneous; (2) If it appears that the determination complained of was based on mistake in the determination of facts previously considered; or (3) If, in the opinion of the certifying officer, a misinterpretation of facts or of the law justifies reconsideration of the determination.

(d) *Notice of affirmative determination regarding application for reconsideration.* Upon reaching a determination that an application for reconsideration meets the requirements of paragraph (c) of this section, the certifying officer shall issue an affirmative determination regarding the application and shall promptly publish notice in the FEDERAL REGISTER that the application for reconsideration has been received and granted. Such notice shall constitute a Notice of Affirmative Determination Regarding Application for Reconsideration.

(e) *Notice of negative determination regarding application for reconsideration.* Upon reaching a determination that an application for reconsideration does not meet the requirements of paragraph (c) of this section, the certifying officer shall issue a negative determination regarding the application and shall promptly publish in the FEDERAL REGISTER a summary of the determination, including the reasons therefor. Such summary shall constitute a Notice of Negative Determination Regarding Application for Reconsideration. A negative determination issued pursuant to this paragraph shall constitute a final determination for purposes of judicial review pursuant to section 250 of the Act and § 90.19(a).

(f) *Opportunity for comment.* Within ten (10) days after publication of a notice under paragraph (d) of this section, the group of workers or other persons showing an interest in the proceedings may make written submissions to show why the determination under reconsideration should or should not be modified.

(g) *Determinations on reconsideration.* Not later than forty-five (45) days after reaching an Affirmative Determination Regarding Application for Reconsideration, the certifying officer shall make a determination on the reconsideration.

(h) *Notice of revised certification of eligibility and notice of revised determination.* Upon reaching a determination on reconsideration that a group of workers has met all the requirements set forth in Section 222 of the Act and paragraph (b) of § 90.16, the certifying officer shall issue a revised determination concerning certification of eligibility to apply for adjustment assistance and shall promptly publish in the FEDERAL REGISTER a summary of the revised determination together with the reasons for making such revised determination (with the exception of information which the certifying officer determines to be confidential). Such summary shall include a certification of eligibility in accordance with paragraph (d) of § 90.16. The summary shall constitute a Notice of Revised Certification of Eligibility when the determination under reconsideration was a certification of eligibility. The summary shall constitute a Notice of Revised Determination when the determination under reconsideration was a negative determination or a certification containing a negative determination. A determination issued pursuant to this paragraph shall con-

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stitute a final determination for purposes of judicial review pursuant to section 250 of the Act and § 90.19(a).

(i) *Notice of negative determination on reconsideration.* Upon reaching a determination on reconsideration that a group of workers has not met all the requirements set forth in section 222 of the Act and paragraph (b) of § 90.16, the certifying officer shall issue a negative determination on reconsideration and shall promptly publish in the FEDERAL REGISTER a summary of the determination together with the reasons for making such determination (with the exception of information which the certifying officer determines to be confidential). Such summary shall constitute a Notice of Negative Determination on Reconsideration. A determination issued pursuant to this paragraph shall constitute a final determination for purposes of judicial review pursuant to section 250 of the Act and § 90.19(a).

§ 90.19 Judicial review of determinations.

(a) *General.* Pursuant to section 250 of the Act, any worker, group of workers, certified or recognized union, or authorized representative of such worker or group, aggrieved by a final determination issued pursuant to the Act and §§ 90.16(c), 90.16(f), 90.16(g), 90.17(d), 90.18(e), 90.18(h) or § 90.18(i) may file a petition for review of such determination with the United States court of appeals for the circuit in which such worker or group is located or in the United States Court of Appeals for the District of Columbia Circuit. The party seeking judicial review must file for review in the appropriate court within sixty (60) days after the notice of determination has been published in the FEDERAL REGISTER.

(b) *Certified record of the Secretary.* Upon receiving a copy of the petition for review from the clerk of the appropriate court of appeals, the certifying officer shall promptly certify and file in such court the record on which the determination was based. The record shall include transcripts of any public hearings, recommendations received pursuant to § 90.15, the findings of fact made pursuant to §§ 90.16(b), 90.18(e), 90.18(h) or § 90.18(i), and other documents on which the determination was based.

(c) *Further proceedings.* If a case is remanded to the Secretary by the court of appeals for the taking of further evidence, the certifying officer shall direct that further proceedings be conducted in accordance with the provisions of Subpart B of this part, including the taking of further evidence. The certifying officer, after the conduct of such further proceedings, may make new or modified findings of fact and may modify or affirm the previous determination. Upon the completion of such further proceedings, the certifying officer shall certify and file in the appropriate court of appeals the record of such further proceedings.

(d) *Substantial evidence.* The findings of fact by the certifying officer shall be conclusive if the appropriate court of appeals determines that such findings of fact are supported by substantial evidence.

Subpart C—Initiation and Conduct of Study With Respect to Workers in Industry Which is the Subject of an Investigation for Industry Import Relief

§ 90.21 Study.

(a) *Initiation.* Upon notification by the Commission, pursuant to section 224 of the Act, that the Commission has begun an investigation under section 201 with respect to an industry import relief action, the Secretary shall direct the Director of the Office of Trade Adjustment Assistance to immediately begin a study of (1) the number of workers in the domestic industry producing the like or directly competitive article(s) who have been or are likely to be certified eligible for adjustment assistance; and (2) the extent to which the adjustment of such workers to the import competition may be facilitated through the use of existing programs.

(b) *Report.* The report of the Secretary of the study under section 224(a) of the Act and paragraph (a) of this section shall be made to the President not later than fifteen (15) days after the day on which the Commission makes its report under section 201.

(c) *Release of report.* Upon making the report of the study to the President, the Secretary shall also promptly make the report public (with the exception of information which the Secretary determines to be confidential) and shall have a summary of it published in the FEDERAL REGISTER.

(The information collection requirements contained in paragraph (a) were approved by the Office of Management and Budget under OMB control no. 1205-0194)

[42 FR 32772, June 28, 1977, as amended at 49 FR 18295, Apr. 30, 1984]

§ 90.22 Dissemination of program knowledge and assistance to workers.

Whenever the Commission makes an affirmative finding under section 201(b) of the Act that increased imports are a substantial cause of serious injury or threat thereof with respect to an industry, the Secretary shall, to the extent feasible, make available to the workers in such industry full information about programs which may facilitate their adjustment to the import competition. He shall provide assistance to such workers in the preparation and processing of petitions and applications for program benefits.

Subpart D—General Provisions

§ 90.31 Filing of documents.

(a) *Where to file, date of filing.* Petitions and all other documents shall be filed at the Office of Trade Adjustment Assistance, Bureau of International Labor Affairs, U.S. Department of Labor, Washington, D.C. 20210. If properly filed, such documents shall be deemed filed on the date on which they are actually received in the Office of Trade Adjustment Assistance.

(b) *Conformity with rules.* Documents filed in support of the initiation of an investigation by the Director of the Office of Trade Adjustment Assistance shall be considered properly filed if they conform with the pertinent rules prescribed in this Part 90. The Director may accept documents in substantial compliance with the pertinent rules of this part provided good and sufficient reason is stated in the document for inability to comply fully with the pertinent rules. The Director cannot waive full compliance with a rule which is required by the Act.

§ 90.32 Availability of information.

(a) *Information available to the public.* Upon request to the Director of the Office of Trade Adjustment Assistance, members of the public may inspect petitions and other documents filed with the Director under the provisions of this Part 90, transcripts of testimony taken and exhibits submitted at public hearings held under the provisions of this Part 90, recommendations to the certifying officer concerning determinations on petitions for certification of eligibility and determinations on termination of the effect of certifications of eligibility summaries of the certifying officer's determinations concerning certifications of eligibility and terminations of the effect of certifications of eligibility, public notices concerning worker assistance under the Act and other reports and documents issued for general distribution.

(b) *Information not available to the public.* Confidential business information, defined in § 90.33 of this part, shall not be available to the public.

§ 90.33 Confidential business information.

(a) *Definition.* Confidential business information means trade secrets and commercial or financial information which are obtained from a person and are privileged or confidential, as set forth in 5 U.S.C. 552(b) and 29 CFR Part 70.

(b) *Identification of information submitted in confidence.* Business information which is to be treated as confidential shall be submitted on separate sheets each clearly marked at the top, "Business Confidential." When submitted at hearings, such business information shall be offered as a confidential exhibit with a brief description of the nature of the information.

(c) *Acceptance of information in confidence.* The Director of the Office of Trade Adjustment Assistance may refuse to accept in confidence any information which he determines is not entitled to confidential treatment under this section. In the event of such refusal, the person submitting such information shall be notified and shall be permitted to withdraw such information.

§ 90.34 Notice procedures.

Formal notice of a certification, negative determination, or termination shall be transmitted promptly to the group of workers concerned and to all State Employment Security Agencies concerned whenever such notices are published in the FEDERAL REGISTER.

§ 90.35 Transitional provisions.

As more particularly provided in section 246 of the Act, a group of workers, their certified or recognized union, or other duly authorized representative who filed a petition under section 301(a)(2) of the Trade Expansion Act of 1962 before December 3, 1974, may file a new petition under section 221 of this Act if:

(a) The Commission has not rejected such previous petition before April 3, 1975; and

(b) No certification has been issued to the petitioning group under section 302(c) of the Trade Expansion Act of 1962 before April 3, 1975; and

(c) The new petition under section 221 of the Act is filed not later than July 2, 1975.

§ 90.36 Computation of time.

(a) The time periods specified in §§ 90.13(a), 90.18(a), and 90.19(a) will be computed by counting the day after publication in the FEDERAL REGISTER as one, and by counting each succeeding day, including Saturdays, Sundays, and holidays. However, when the final day would fall on a Saturday, Sunday or holiday, the time period will terminate at the end of the next succeeding Federal business day.

(b) The 60-day time period specified in Section 223(a) of the Act will be computed in the same manner as set forth in paragraph (a) of this section, except that the day after the date of filing of the petition shall be counted as the first day.

PART 91—ADJUSTMENT ASSISTANCE FOR WORKERS AFTER CERTIFICATION

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AUTHORITY: Sec. 248, Pub. L. 93-618, 88 Stat. 2029 (19 U.S.C. 2320).

SOURCE: 40 FR 16304, Apr. 11, 1975, unless otherwise noted.

Subpart A—General

§ 91.1 Scope.

The regulations in this Part 91 pertain to applications by individuals to State agencies for adjustment assistance, such as trade readjustment allowances, training and training allowances, relocation allowances, job search allowances, and administrative requirements applicable to States agencies. Regulations as to certifications of groups of workers as eligible to apply for adjustment assistance appear in Part 90 of this title.

§ 91.2 Purpose.

The purpose of this Part 91 is to provide for prompt payment of trade readjustment allowances and other adjustment assistance to individuals covered by certifications, to provide for prompt and effective assistance to such individuals in securing suitable employment, and to implement the provisions of the Act uniformly and effectively throughout the United States. The regulations in this Part 91 shall be interpreted and applied to achieve such purpose.

§ 91.3 Definitions.

(a) As used in this Part 91:

(1) "Act" means Chapter 2 of Title II of the Trade Act of 1974, Pub. L. 93-618, 88 Stat. 1978, 2019-2030 (19 U.S.C. 2271-2322).

(2) "Adjustment assistance" means trade readjustment allowances, training and training allowances, job search allowances, relocation allowances, employment services, and any other right or benefit provided for adversely affected workers by the Act.

(3) "Adversely affected employment" means employment in a firm or appropriate subdivision of a firm if workers of such firm or subdivision are certified under § 90.16 of this title as eligible to apply for adjustment assistance.

(4) "Adversely affected worker" means an individual who, because of lack of work in adversely affected employment:

(i) Has been totally or partially separated from such employment, or

(ii) Has been totally separated from employment with the firm in a subdivision of which such adversely affected employment exists.

(5) "Appropriate week" means:

(i) As to a totally separated worker the week in which the individual's most recent total separation occurred; and

(ii) As to a partially separated worker the week for which the individual first receives a trade readjustment allowance following the individual's most recent partial separation.

(6) "Average weekly hours" means a figure obtained by dividing (i) total hours worked (excluding overtime) by an individual in adversely affected employment in the 52 calendar weeks (excluding weeks in such period during which the individual was sick or on vacation) preceding the week in which the individual claims to be partially separated by (ii) the number of weeks in such 52 calendar weeks (excluding weeks in such period during which the individual was sick or on vacation) in which the individual actually worked in adversely affected employment.

(7) "Average weekly manufacturing wage" means the national gross average weekly earnings of production workers in manufacturing industries for the latest calendar year as officially published by the Bureau of Labor Statistics, United States Department of Labor, most recently prior to a week for which adjustment assistance is payable to an individual.

(8) "Average weekly wage" means one-thirteenth of an individual's high quarter wages. The high quarter is the quarter in which the individual's total

wages were highest among the first four of the last five completed calendar quarters preceding the individual's appropriate week.

(9) "Average weekly wage in adversely affected employment" means a figure obtained by dividing (i) total wages earned in adversely affected employment in the 52 calendar weeks (excluding weeks in such period during which the individual was sick or on vacation) preceding the week in which the individual claims to be partially separated by (ii) the number of weeks in such 52 calendar weeks (excluding weeks in such period during which the individual was sick or on vacation) in which the individual actually worked in adversely affected employment.

(10) "Benefit period" means a 2 year period commencing with and following an individual's appropriate week, except that for purposes of paying additional trade readjustment allowances under § 91.12(b) the benefit period shall be extended one year.

(11) "Certification" means a certification of eligibility to apply for adjustment assistance issued under § 90.16 of this title with respect to a group of workers.

(12) "Commuting area" means an area in commuting distance of an individual's place of residence.

(13) "Date of separation" means, as to a totally separated individual, the date on which the individual was laid off or otherwise totally separated from employment.

(14) "Employer" means any individual or type of organization, including the Federal government, a State government, or a political subdivision or instrumentality of either, which had one or more individuals performing service for it within the United States.

(15) "Employment" means any service performed for an employer by an individual for wages or by an officer of a corporation.

(16) "Family" means the following members of an individual's household whose principal place of abode is with the individual in a home the individual maintains or would maintain but for unemployment:

(i) A spouse;

(ii) An unmarried child, including a stepchild or adopted child, under age 21 or of any age if incapable of self-support because of mental or physical incapacity; and

(iii) Any other person for whom the individual would be entitled to a deduction for income tax under the Internal Revenue Code of 1954.

(17) "Good cause" means (except as used in an applicable State law) such reasons as would justify an individual's conduct when measured by conduct expected of a reasonable individual in like circumstances, including but not limited to reasons beyond the individual's control and reasons related to the individual's capability to make satisfactory progress in or continue training.

(18) "Head of family" means an individual who maintains a home for a family. An individual maintains a home if over half the cost of maintenance is furnished by the individual or would be furnished but for unemployment.

(19) "Impact date" means the impact date stated in a certification.

(20) "Last separation" means the total or partial separation from adversely affected employment most recently preceding an individual's application for trade readjustment allowances as to which it is determined that the individual qualifies under § 91.7.

(21) "Layoff" means a suspension from pay status for lack of work initiated by an employer and expected to be for a definite or indefinite period of not less than 7 consecutive days.

(22) "Partial separation" means that during a week beginning on or after the impact date stated in an applicable certification an adversely affected worker who has not been totally separated had:

(i) Hours of work reduced to 80 percent or less of the individual's average weekly hours, and

(ii) Wages reduced to 80 percent or less of the individual's average weekly wages in adversely affected employment.

(23) "Qualifying period" means the 52 calendar weeks preceding an individual's appropriate week.

(24) "Remuneration" means wages and net earnings derived from service performed as a self-employed individual.

(25) "Secretary" means the Secretary of Labor of the United States.

(26) "State" includes the District of Columbia and Commonwealth of Puerto Rico, and the term "United States" when used in a geographical sense includes such Commonwealth.

(27) "State agency" means an agency administering a State law.

(28) "State law" means the unemployment insurance law of a State approved under section 3304 of the Internal Revenue Code of 1954 (26 U.S.C. 3304).

(29) "Total separation" means a layoff or severance of an individual from employment with a firm in which, or in a subdivision of which, adversely affected employment exists.

(30) "Trade readjustment allowance" means a weekly allowance payable to an adversely affected worker under Subpart B of this Part 91.

(31) "Trainee" means an individual undergoing a planned and systematic sequence of instruction to which the individual is referred under § 91.20 or which is approved for the individual under § 91.21 given under competent supervision designed to impart skills, knowledge, or abilities as to a specific occupation and which may include, as necessary, instruction in basic subjects given specially in relation to such occupation.

(32) "Training allowance" means a weekly cash allowance payable to a trainee under any Federal law for the training of workers, but does not include a payment under §§ 91.22 or 91.23.

(33) "Unemployment insurance" means cash benefits payable to an individual with respect to the individual's unemployment under any State law or Federal unemployment insurance law.

(34) "Vacation or holiday pay" means wages paid in connection with leave for vacation or holiday purposes and not representing remuneration for services performed during a week for which application is made for a trade readjustment allowance.

(35) "Wages" means all compensation for employment for an employer including commissions, bonuses, and the cash value of all compensation in a medium other than cash.

(36) "Week" means a week as defined in an applicable State law.

(37) "Week of unemployment" means as to an individual a week in which the individual's remuneration for services performed in such week is less than 80 percent of the individual's average weekly wage and in which, because of lack of work:

(i) If totally separated, the individual worked less than the full-time week (excluding overtime) in his or her current occupation, or

(ii) If partially separated, the individual worked 80 percent or less of his or her average weekly hours.

[40 FR 16304, Apr. 11, 1975; 40 FR 17840, Apr. 23, 1975]

Subpart B—Trade Readjustment Allowances

§ 91.6 Applications.

(a) An individual covered by a certification or petition for certification under § 90.16 of this title may apply at any time to a State agency for a trade readjustment allowance. Applications shall be in accordance with instructions and on forms approved by the Secretary which shall be furnished to the individual by the State agency. Determinations with respect to an application shall be made at any time to the extent necessary to establish or protect an individual's entitlement to a trade readjustment allowance or other adjustment assistance, but no payment of a trade readjustment allowance or other adjustment assistance may be made by a State agency until a certification is made under § 90.16 of this title and the State agency determines that the individual is covered thereby.

(b) The procedure for reporting and filing applications for trade readjustment allowances shall be consistent with this Part 91 and the Secretary's "Standard for Claim Filing, Claimant Reporting, Job Finding and Employment Services ("Employment Security Manual," Part V, Section 5000 et seq.).

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§ 91.7 Qualifying requirements.

To qualify for a trade readjustment allowance an individual must meet each of the following requirements.

(a) *Certification.* The individual must be an adversely affected worker covered by a certification.

(b) *Separation.* The individual's last separation must occur:

(1) On or after the impact date;

(2) Before expiration of the 2 year period following the date of the certification;

(3) Before the termination date, if any, of the certification;

(4) Not more than one year before the date of the petition on which certification was granted, except as provided in section 246(b) of the Act; and

(5) Not before October 3, 1974, except as provided in section 246(b) of the Act.

(c) *Wages and employment.* In the 52 weeks preceding the individual's last separation the individual must have at least 26 weeks of employment at wages of $30 or more a week in adversely affected employment with a single firm or subdivision of a firm. Evidence that an individual meets this requirement shall be obtained as stated in § 91.8.

§ 91.8 Evidence of qualification.

(a) *State agency action.* When an individual applies for a trade readjustment allowance the State agency having jurisdiction under § 91.51(a) shall obtain information necessary to establish:

(1) Whether the individual meets the requirements of § 91.7; and

(2) The individual's average weekly wage, and for an individual claiming to be partially separated the average weekly hours and average weekly wage in adversely affected employment.

(b) *Wages and employment.* Wages and employment creditable under § 91.7(c) in determining whether an individual meets the requirements of § 91.7 shall not include employment or wages earned or paid for employment which is contrary to or prohibited by any Federal law.

(c) *Insufficient data.* If information specified in paragraph (a) of this section is not available from State agency records or from an employer, the State agency shall ask the individual to submit a statement setting forth, for an employer in the individual's qualifying period as to whom adequate information necessary to any determination is unavailable, such of the following information as it may request:

(1) Name and address of the employer.

(2) Beginning and ending dates of period of employment with such employer.

(3) Total wages earned from such employer.

(4) Number of weeks in the individual's qualifying period in each of which the individual earned $30 or more from a firm as to which a certification has been made under § 90.16 of this title.

(5) The individual's wages in each of the first 4 of the last 5 completed calendar quarters preceding the individual's appropriate week or, if partial separation is claimed, preceding the week in which the individual claims to be partially separated.

(6) If the individual claims to be partially separated:

(i) Total hours (excluding overtime) worked by the individual in adversely affected employment; and

(ii) Total wages (excluding overtime wages) earned by the individual in the period of 52 calendar weeks (excluding any week in such period during which the individual was sick, on vacation, or otherwise not working) preceding the week in which the individual claims to be partially separated.

(7) Any other pertinent information.

(d) *Verification.* A statement made under paragraph (c) of this section shall be certified by the individual to be true to the best of the individual's knowledge and belief and shall be supported by evidence such as Forms W-2, paycheck stubs, union records, income tax returns, or statements of fellow workers.

(e) *Determinations.* The State agency shall make the necessary determinations on the basis of information obtained pursuant to this section, except that if, after reviewing information obtained under paragraph (c) of this section against other available data, including agency records, it concludes that such information is not reasonably correct, it shall make appropriate adjustments and shall make the determination on the basis of the adjusted data.

§ 91.9 Availability for work.

An individual shall not be paid a trade readjustment allowance for a week of unemployment in which the individual is not able to work or is unavailable for work under an applicable State law. This section does not apply to an individual for a week in which the individual is undergoing training under Subpart C of this part unless the individual is determined to be ineligible for such week under § 91.24.

§ 91.10 Disqualifications.

(a) *State law applies.* Except as stated in paragraphs (b) and (c) of this section, an individual shall not be paid a trade readjustment allowance for a week of unemployment for which the individual is or would be disqualified to receive unemployment insurance under an applicable State law.

(b) *Trainees.* A State law shall not be applied to disqualify an individual undergoing training under Subpart C of this part for:

(1) Undergoing training; or

(2) Refusal to accept or continue or failure to make satisfactory progress in training, and in lieu of such State law § 91.24 shall apply to the individual; or

(3) Refusal of work or referral to work if such work would require the individual to discontinue training or, if added to hours of training, would occupy the individual more than 8 hours a day or 40 hours a week, except that this subparagraph does not apply to an individual who has been given notice of a determination of ineligibility under § 91.24 unless and until the individual again makes satisfactory progress in training; or

(4) Quitting work if the individual was underemployed and it reasonably was necessary for the individual to quit work to begin or continue training, except that this subparagraph does not apply to an individual who has been given notice of a determination of ineligibility under § 91.24 unless and until the individual again makes satisfactory progress in training. For purposes of this subparagraph an individual is underemployed if:

(i) Working regularly below the individual's skill capacity, or

(ii) Working regularly less than full time in the individual's occupation, or

(iii) The individual has received notice that he or she will be laid off within 60 days.

(c) *Cancellation of wage credits.* No State law requiring cancellation of wage credits or reduction of benefit amounts or duration shall be applied to reduce the amount or duration of a trade readjustment allowance or allowances payable to an individual. Such a State law shall be given effect as follows:

(1) If the State law requires, together with a reduction in either the number of weeks for which unemployment insurance may be paid or in the total amount of unemployment insurance payable, postponement of the payment of unemployment insurance for a specified number of weeks or for the duration of an individual's unemployment, payment of trade readjustment allowances to the individual shall be similarly postponed.

(2) If the State law does not require postponement but requires cancellation of all wage credits earned prior to the filing of a claim for unemployment insurance, payment of trade readjustment allowances to the individual shall be postponed for 20 weeks from the week in which the disqualifying act occurred. This subparagraph does not apply to an individual who has made a fraudulent application and paragraph (e) of this section shall apply in lieu thereof.

(d) *"Duration plus" disqualifications.* A State law disqualifying an individual for unemployment insurance until the individual has earned a specified amount in employment covered under the State law or an amount expressed as a multiple of the individual's weekly benefit amount shall be applied to an individual applying for a trade readjustment allowance by postponing payment of such allowance until the individual has earned the specified amount or amount expressed as a multiple of the weekly benefit amount (computed on the basis of the weekly benefit amount payable under the State law if the individual was claiming unemployment insurance, entitled thereto, and not disqualified) in any employment, whether or not covered under the State law.

(e) *Fraud.* If a State law disqualification provision for fraud requires denial of unemployment insurance for the remainder of an individual's benefit year and the individual has no current benefit year when determined to have filed a fraudulent application for adjustment assistance, the individual shall not receive trade readjustment allowances or other payments of adjustment assistance for 20 weeks from the week in which the determination of fraud was made. If a State law disqualification provision for fraud requires denial of unemployment insurance for the remainder of an individual's benefit year and one or more subsequent benefit years, the individual shall not receive trade readjustment allowances or other payments of adjustment assistance for 40 weeks from the week in which the determination of fraud was made, whether or not the individual has a current unemployment insurance benefit year when determined to have filed a fraudulent application.

§ 91.11 Weekly amounts.

(a) *Regular allowance.* The amount of trade readjustment allowance payable to an individual for a week of unemployment (including a week of training) occurring after the impact date shall be 70 percent of the individual's average weekly wage, except that if the amount payable exceeds the average weekly manufacturing wage the amount payable shall be the average weekly manufacturing wage. The amount determined under the preceding sentence shall be adjusted as provided in this section.

(b) *Increased allowance.* An individual in training under Subpart C of this Part 91 entitled for a week to a training allowance under any Federal law in a greater amount than the amount provided in paragraph (a) of this section (whether or not the individual filed a claim for such training allowance) shall receive the greater amount as a trade readjustment allowance. A payment under this paragraph shall be in lieu of any other training allowances to which the individual is entitled under such Federal law.

(c) *Reduction of amount.* An amount payable under paragraph (a) or (b) of this section shall be reduced by:

(1) 50 percent of the individual's remuneration for services performed in such week (including wages for on-the-job training), and

(2) The amount of unemployment insurance the individual receives or would receive for such week if a claim for unemployment insurance was filed, except that if the appropriate State or Federal agency finally determines that an individual was not entitled to unemployment insurance for such week no reduction shall be made under this paragraph, and

(3) The amount of a training allowance (other than a training allowance referred to in paragraph (b) of this section) under any Federal law which the individual receives or would receive if a claim were filed for such week, except that if it is finally determined that an individual was not entitled to a training allowance for such week no reduction shall be made under this subparagraph, and

(4) For each day of absence without good cause from training by an amount computed by dividing the trade readjustment allowance to which the individual otherwise would be entitled by the number of days of training normally scheduled in the week. Holidays which otherwise would be days of training shall be deemed days of training normally scheduled for purposes of this subparagraph.

(d) *General limitation.* The amount otherwise payable under paragraph (a) or (b) of this section after adjustment pursuant to paragraph (c) of this section shall be reduced by deducting therefrom a general limitation amount. A general limitation amount is the amount remaining after:

(1) Determining the total amount payable to an individual for a week for which a trade readjustment allowance is sought as:

(i) Remuneration for services performed in such week, and

(ii) Unemployment insurance for such week, and

(iii) Training allowance under any Federal law for such week, and

(iv) The amount otherwise payable under paragraph (a) or (b) of this section after adjustment under paragraph (c) of this section for such week, and

(2) Deducting from the total amount determined under paragraph (d)(1) of this section the lesser of:

(i) 80 percent of the individual's average weekly wage, or

(ii) 130 percent of the average weekly manufacturing wage.

(e) *Rounding.* An amount payable under this section which is not a multiple of a dollar shall be rounded to the next higher multiple of a dollar.

§ 91.12 Duration.

(a) *General rule.* Except as stated in paragraph (b) of this section an individual may not receive a trade readjustment allowance for:

(1) More than 52 weeks of unemployment beginning on or after an impact date, or

(2) A week of unemployment beginning more than 2 years after the beginning of the individual's appropriate week.

(b) *Additional weeks.* An individual ineligible to receive a trade readjustment allowance because of paragraph (a) of this section may receive trade readjustment allowances for not more than 26 additional weeks of unemployment in the following cases:

(1) *Trainees.* To assist the individual to complete training begun prior to ineligibility under paragraph (a) of this section in which the individual is making satisfactory progress and for which a bona fide application was made at least 180 days after the end of the appropriate week or date of the certification, whichever is later. In determining whether additional trade readjustment allowances shall be paid under this subparagraph, consideration shall be given to, when, and under what circumstances the training was initiated, the length of the normal course for similar training, the number of hours a day and days a week in which the individual is undergoing training, and any other pertinent factors.

(2) *Workers age 60.* If an individual became 60 years old on or before the individual's last separation. Weeks of unemployment for which the individual received a trade readjustment allowance under subparagraph (1) of this paragraph shall be deducted from the 26 additional weeks for which an individual aged 60 or more may receive trade readjustment allowances under this subparagraph.

(c) *Maximums.* In no case may an individual receive a trade readjustment allowance for more than 78 weeks beginning on or after an impact date or for a week of unemployment beginning more than 3 years after the beginning of the individual's appropriate week.

(d) *Computation.* If unemployment insurance or a training allowance is paid to an individual for any week of unemployment as to which the individual would be entitled, determined without regard to paragraphs (c) or (d) of § 91.11 or any disqualification under § 91.24, to a trade readjustment allowance if the individual applied for such trade readjustment allowance, each such week shall be deducted from the total number of weeks for which a trade readjustment allowance may be paid under this section when the individual applies for and is determined to be entitled to a trade readjustment allowance.

§ 91.13 Workers on vacation.

(a) *Ineligibility.* An individual is not unemployed because of lack of work for purposes of § 91.3(a)(37) in a week for which the individual applies for a trade readjustment allowance if the individual:

(1) Was on leave for vacation or holiday purposes during all or part of such week, and

(2) Received vacation or holiday pay as defined in § 91.3(a)(34) which, when allocated to all or part of such week under paragraph (b) of this section, equalled or exceeded the amount of a trade readjustment allowance which, but for this paragraph, would be payable for such week.

(b) *Allocation.* Vacation or holiday pay shall be allocated in equal amounts to each day on which an individual was on leave for vacation or holiday purposes.

(c) *Accrued leave.* Vacation or holiday pay which is paid in connection with a total separation (including a layoff without a definite date of return to work) shall be disregarded in determining whether an individual has experienced a week of unemployment, whether paid before or after separation.

§ 91.14 Applicable State law.

(a) *What law governs.* With respect to each last separation of an individual, the applicable State law for purposes of §§ 91.9 and 91.10 is:

(1) The State law under which the individual is entitled to unemployment insurance, regardless of whether the individual has claimed unemployment insurance; or

(2) If the individual is not entitled to unemployment insurance, the State law of the State in which the individual's last separation occurred.

(b) *Change of law.* (1) A State law determined under paragraph (a) of this section shall remain applicable to an individual until:

(i) The individual becomes entitled to unemployment insurance under another State law; or

(ii) If the individual does not become entitled to unemployment insurance, the individual has a total or partial separation in another State.

(2) If a State law ceases to apply to an individual, the applicable State law thereafter shall be the law of the State in which the individual became entitled to unemployment insurance, whether or not the individual has filed a claim for unemployment insurance.

(c) *UCFE-UCX claimants.* If an individual is entitled to unemployment insurance under title 5, chapter 85, United States Code, the applicable State law for purposes of paragraphs (a) and (b) of this section is the law of the State to which the individual's Federal service and wages were assigned under 20 CFR 609.15 or 614.3.

Subpart C—Training and Employability Services

§ 91.17 Employment service functions.

To assure readjustment as promptly and effectively as possible, an adversely affected worker totally separated from employment shall be referred by the State agency to an appropriate office of the State employment service. Unless the worker submits to the State agency a written statement of reasons why employment services are not desired and such statement is approved by the State agency, a worker so referred shall:

(a) Register for work;

(b) Be informed of potential entitlement to job search allowances under Subpart E of this Part 91 and to relocation allowances under Subpart D of this Part 91;

(c) Be afforded, as appropriate, testing, counseling, job referral, and other placement services provided by any Federal law, including supportive and other services such as work orientation, basic education, communication skills, employment skills, and minor health services necessary to prepare the worker for full employment in accordance with the worker's capabilities and job opportunities; and

(d) If suitable employment is not otherwise available and the worker's employability would be improved thereby, the worker may be selected or referred to training as provided in §§ 91.18, 91.19, 91.20, or 91.21.

(e) Applications: Applications for selection for, approval of, or referral to training shall be in accordance with instructions and on forms approved by the Secretary, which shall be furnished to an individual by a State agency or State employment service.

(f) Determinations: Selection for, approval of, or referral of an individual to training under this Subpart C, or a decision with respect to any specific training of nonselection, non-approval, or non-referral for any reason shall be a determination to which §§ 91.51 through 91.54 apply.

§ 91.18 Worker retraining plans.

(a) *Establishment.* To the extent practicable before referring adversely affected workers to training or approving training for such workers the Secretary, or at his request a State employment service, shall consult with such workers' firm and their certified or recognized union or other authorized representative for the purpose of developing a worker retraining plan to meet the manpower needs of such firm and to preserve or restore the employment relationship between the workers and such firm. The fact there is not otherwise a need in the area to train workers in a specific occupation shall not preclude development of a worker retraining plan as to such occupation for workers of the firm.

(b) *Methods.* Worker retraining plans may provide for either or a combination of the following methods of training:

(1) On-the-job training in the facilities of the firm or elsewhere pursuant to §§ 91.19, 91.20, and 91.21, including training for which the firm pays the costs; and

(2) Vocational training other than on-the-job training pursuant to §§ 91.19, 91.20, and 91.21.

(c) *Selection and referral.* To the extent consistent with this section, selection and referral of individuals designated in a worker retraining plan shall be in accordance with § 91.19.

(d) *On-the-job training.* When a worker retraining plan provides for on-the-job training described in paragraph (b)(1) of this section, 29 CFR 95.33(d)(2) shall apply.

§ 91.19 Preferred training.

(a) *Suitable training.* A State employment service shall refer an adversely affected worker selected for training which is provided at no cost to the worker or to the Adjustment Assistance Trust Fund under:

(1) The Comprehensive Employment and Training Act of 1973, as amended, as implemented by Parts 94 through 98 of this title, offered by a prime sponsor; or

(2) If suitable training under paragraph (a)(1) of this section cannot be provided or is not available, under any other applicable law.

(b) *Applicable standards.* The standards, procedures, and requirements of the training program to which a worker is referred under this section shall apply to the worker.

(c) *Fees prohibited.* In no case shall a worker be referred to training under this section for which the worker is required to pay a fee or tuition.

§ 91.20 Purchased training.

If the State employment service determines that placement of an adversely affected worker in suitable training under § 91.19 cannot otherwise be accomplished, the State employment service shall reimburse the agency or prime sponsor operating the training program for the cost of such training. The State employment service may make arrangements or agreements for such reimbursement, and such arrangements or agreements may include provision for placement of such workers in such training although such workers do not meet the generally applicable eligibility requirements for such programs.

§ 91.21 Approval of other training.

A State employment service may approve and purchase for an adversely affected worker any other training, including on-the-job training or institutional training, the individual may wish to undertake if:

(a) Circumstances preclude referral to training under § 91.19 or § 91.20; and

(b) If institutional vocational training, the training has been approved by the State vocational education agency as meeting the standards of adequacy required by the applicable law.

§ 91.22 Subsistence payments.

(a) *Eligibility.* A trainee under this Subpart C may be afforded supplemental assistance necessary to pay costs of separate maintenance when the training facility is located outside the commuting area, but may not receive such supplemental assistance for any period for which the trainee receives such a payment under the Comprehensive Employment and Training Act of 1973, as amended, or any other law, or for any day referred to in § 91.23(c)(3) pursuant to which a transportation allowance is payable to the worker.

(b) *Amount.* Subsistence payments shall be not more than $15 a day, except that if a training facility furnishes or makes available lodging and meals to trainees at a rate of $12 or less a day the subsistence payment shall not exceed the amount charged for those accommodations plus $3 a day for incidentals. In determining the amount of a subsistence payment the exact days, including the days of departure and return, which elapse between the day the trainee departs for the training facility to the day the trainee returns shall be taken into account.

(c) *Applications.* Applications for payment of subsistence shall be in accordance with instructions and on forms approved by the Secretary and furnished to the trainee by a State agency or State employment service. Such payments shall be made on completion of a week of training, except that at the beginning of a training project a State agency may advance a payment for a week if it determines that such advance is necessary to enable a trainee to accept training. An adjustment shall be made if the amount of an advance exceeds the amount to which the trainee is entitled under paragraph (b) of this section. A determination as to an application made under this section shall be subject to §§ 91.51 through 91.54.

§ 91.23 Transportation payments.

(a) *Eligibility.* A trainee under this Subpart C shall be afforded supplemental assistance necessary to pay transportation expenses if the training is outside the commuting area, but may not receive such assistance if transportation is arranged for the trainee as part of a group and paid for by the State agency or to the extent the trainee receives a payment of transportation expenses under another Federal law.

(b) *Amount.* A transportation allowance shall not exceed 12 cents a mile for travel by the least expensive means of transportation reasonably available between the trainee's home and the training facility.

(c) *Travel included.* Travel for which a transportation allowance may be paid shall include travel: (1) At the beginning and end of the training program; (2) when the trainee fails to complete the training program for any reason; and (3) for daily commuting, in lieu of subsistence, but not exceeding the amount otherwise payable as subsistence for each day of commuting.

(d) *Applications.* Applications for transportation payments shall be made in accordance with instructions and on forms approved by the Secretary and furnished to trainees by a State agency or State employment service. Payment may be made in advance. A determination as to an application made under this section shall be subject to §§ 91.51 through 91.54.

§ 91.24 Refusal of training.

A trainee under this Subpart C who, without good cause, refuses to accept or continue or fails to make satisfactory progress in such training shall not be paid a trade readjustment allowance for any week of unemployment thereafter until the week in which the trainee enters, resumes, or makes satisfactory progress in such training. Any disqualification under § 91.10(b) (3) or (4) imposed on a trainee for or during a period of ineligibility under this section shall cease to apply as of the week in which the trainee enters, resumes, or makes satisfactory progress in such training.

Subpart D—Relocation Allowances

§ 91.28 General.

A relocation allowance shall be granted an adversely affected worker to assist the individual and the individual's family, if any, to relocate within the United States as stated in this Subpart D. A relocation allowance shall not be granted an individual more than once in a benefit period. A relocation allowance shall not be granted to more than one member of a family with respect to the same relocation. If applications for a relocation allowance are made by more than one member of a family as to the same relocation the allowance shall be paid to the head of the family if otherwise eligible.

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§ 91.29 Eligibility.

(a) *Conditions.* To be eligible for a relocation allowance a worker must:

(1) Apply for such allowance, before relocating and regardless of whether a certification covering the worker has been made under Part 90 of this title, in accordance with instructions and on forms approved by the Secretary which shall be furnished to the individual by the State agency;

(2) Be entitled to a trade readjustment allowance for the week in which the application for such allowance is filed, unless the individual is not entitled to a trade readjustment allowance for such week solely because:

(i) The individual has obtained the employment referred to in paragraph (a)(7) of this section, or

(ii) The amount of the trade readjustment allowance has been adjusted to zero under § 91.11, or

(iii) The individual is not yet covered by a certification;

(3) Have been totally separated from adversely affected employment;

(4) Not previously have received a relocation allowance during the applicable benefit period;

(5) Intend to relocate within the United States;

(6) Be found under § 91.31 to have no reasonable expectation of securing suitable employment in the commuting area;

(7) Be found under § 91.31 to have obtained suitable employment or a bona fide offer of suitable employment in the area of intended relocation; and

(8) Relocate within a reasonable period, as determined under § 91.30, after applying for the relocation allowance or, if undergoing training, after the conclusion of training.

(b) *Job search.* Applications for a relocation allowance and a job search allowance may not be approved concurrently, but payment of a job search allowance shall not otherwise prevent payment of a relocation allowance.

(c) *Relocation before application.* An application for a relocation allowance made after relocation takes place cannot be granted.

§ 91.30 Time of relocation.

(a) *Applicable considerations.* In determining an individual's eligibility under § 91.29(a)(8) a State agency, among other factors, shall consider whether:

(1) Suitable housing is available in the area of relocation;

(2) The individual can dispose of the individual's residence;

(3) The individual or a family member is ill; and

(4) A member of the individual's family is attending school and when the member best can be transferred to a school in the area of relocation.

(b) *Time limits.* The reasonable period for relocation under § 91.29(a)(8) shall expire 6 months from the date of application for a relocation allowance or after the conclusion of training, as the case may be, unless the individual has good cause for extension of the period. In no event may such period extend beyond 12 months from the date of application or conclusion of training.

§ 91.31 Findings required.

The following findings must be made before a relocation allowance may be granted.

(a) *Intrastate relocations.* If the area of relocation is in the State where the individual resides, the Director of the employment service of the State must find that the individual is eligible under §§ 91.29(a)(6) and (7).

(b) *Interstate relocations.* If the area of relocation is not in the State where the individual resides:

(1) The Director of the employment service of the State where the individual resides must find that the worker is eligible under § 91.29(a)(6); and

(2) The Director of the employment service of the State of intended relocation must find that the individual is eligible under § 91.29(a)(7).

§ 91.32 Amount.

The amount payable as a relocation allowance shall be:

(a) 80 percent, computed under § 91.33, of reasonable and necessary travel expenses from the individual's place of residence to the intended area of relocation, plus

(b) 80 percent, computed under § 91.34, of the expense of moving household goods and personal effects, not to exceed 11,000 pounds net weight, between such locations, plus

(c) A lump sum, not exceeding $500, equal to 3 times the individual's average weekly wage.

§ 91.33 Travel allowance.

(a) *Computation.* The amount of travel allowance payable under § 91.32(a) shall be computed as follows.

(1) *Commercial carrier.* For travel by commercial carrier an individual shall receive 80 percent of the expenses of such travel for the individual and family, if any, by the most economical public transportation the individual and family reasonably can be expected to take from the individual's residence to the individual's new residence in the area of relocation.

(2) *Automobile.* For travel by private automobile an individual shall receive 9.6 cents a mile over the usually traveled route from the individual's residence to the worker's new residence in the area of relocation. No additional mileage shall be payable for family members traveling on the same trip in the same automobile. An individual claiming mileage under this subparagraph may not claim also a travel allowance under paragraph (a)(1) of this section, either for the individual or a family member, except as stated in paragraph (a)(3) of this section.

(3) *Separate travel.* If for good cause a member or members of an individual's family must travel separately to the individual's new residence the individual shall be paid:

(i) If travel is by private automobile, the lesser of 9.6 cents a mile for the usual route or 80 percent of the cost of transporting all such family members who travel in the same automobile by the most economical public transportation that reasonably can be taken; or

(ii) If travel is by commercial carrier, 80 percent of the cost of transportation by the most economical public transportation that reasonably can be taken.

(b) *Limitation.* In no case may the individual be paid a travel allowance for the individual or a member of the individual's family more than once in connection with a single relocation.

§ 91.34 Moving allowance.

(a) *Computation.* The amount of a moving allowance payable under § 91.32(b) shall be computed as follows.

(1) *Commercial carrier.* For transportation of household goods and personal effects, not exceeding 11,000 pounds net weight, of an individual and family, if any, by commercial carrier from the individual's residence to the individual's new residence in the area of relocation, the individual shall be paid 80 percent of the cost of such transportation, including accessorial charges found reasonable and necessary by the State agency, by the most economical commercial carrier the individual reasonably can be expected to use. Before undertaking such transportation the individual must submit to the State agency an estimate from a commercial carrier as to the cost thereof. Accessorial charges shall include the cost of insuring such goods and effects for their actual value or $10,000, whichever is least, against loss or damage in transit, if a bid from a licensed insurer is obtained by the individual and approved by the State agency before departure. If a State agency finds it is more economical to pay a carrier an extra charge to assume the responsibility of a common carrier for such goods and effects, 80 percent of such extra charge, but not exceeding $50, shall be paid in lieu of the cost of insurance.

(2) *Trailer.* If household goods and personal effects are moved by trailer or house trailer used as a home the individual shall be paid:

(i) 9.6 cents a mile if the trailer or house trailer is hauled by private automobile, or

(ii) 80 percent of the charge, not exceeding 20 cents a mile, if hauling is by commercial carrier; and

(iii) If the trailer is rented and of the type customarily used for transporting household goods and personal effects, 80 percent of the rental fee not exceeding 20 cents a mile, for each day reasonably required to complete the transportation.

(b) *Travel.* Payments under this section shall be in addition to payments under § 91.32(a). Mileage computations under this section shall be made on the basis of the most usual route between points of departure and destination.

§ 91.35 Time and method of payment.

(a) *Determinations.* A State agency shall promptly make and record determinations necessary to assure an individual's entitlement to a relocation allowance at any time, whether before or after a certification covering the individual is made. No relocation allowance may be paid an individual until the State agency determines that the individual is covered by a certification. If delay in payment occurs under the preceding sentence a State agency shall make payment as promptly as possible upon determining that the individual is covered by a certification and otherwise eligible.

(b) *Travel and moving allowances.* Allowances computed under §§ 91.33 and 91.34 shall be paid as follows.

(1) *Travel.* Unless paragraph (a) of this section applies, the amount computed under § 91.33 shall be paid at the time an individual departs from the individual's residence to begin relocation or within 10 days prior thereto. An amount payable for a family member traveling separately may be paid to the individual at the time of such family member's departure or within 10 days prior thereto.

(2) *Moving.* Unless paragraph (a) of this section applies, the amount computed under § 91.34 shall be paid:

(i) *Auto with trailer.* If travel is by private automobile and trailer, at the time payment is made under paragraph (b)(1) of this section.

(ii) *Rented trailer.* If travel is by private automobile and rented trailer:

(A) The individual shall submit an estimate of the rental cost from the rental agency, and

(B) 80 percent of such estimated rental cost, not exceeding 20 cents a mile, shall be advanced by check payable to the order of the rental agency at the time of departure or within 10 days prior thereto, and

(C) On completion of travel the individual shall submit promptly to the State agency a receipted bill itemizing and evidencing payment of 80 percent of the rental charges for the trailer and shall reimburse the State agency for the amount, if any, by which the advance made for trailer rental exceeded 80 percent of the rental charges approved by the State agency. If the amount of an advance was less than 80 percent of rental charges or less than 80 percent of mileage at 20 cents a mile, whichever is less, the individual shall be paid the difference.

(iii) *Commercial carrier.* (A) If household goods and personal effects are moved by commercial carrier, 80 percent of the amount of the estimate submitted by the individual under § 91.34(a)(1) as approved by the State agency covering the cost of such transportation and 80 percent of insurance costs approved by the State agency under § 91.34(a)(1) shall be advanced by checks payable to the carrier and insurer delivered to the individual at the time of the scheduled shipment or within 10 days prior thereto. On completion of transportation the individual promptly shall submit to the State agency a copy of the bill of lading prepared by the carrier, including a receipt evidencing payment of transportation costs. The individual shall with such submittal reimburse the State agency the amount, if any, by which the advance made to him exceeds 80 percent of transportation costs. The individual shall be paid the difference, if any, if the amount advanced was less than 80 percent of the transportation costs approved by the State agency.

(B) If economy of administration will result a State agency may make direct arrangements for transportation and insurance of an individual's household goods and personal effects with a carrier and insurer selected by the individual and may make payment of 80 percent of transportation and insurance costs directly to the carrier and insurer. No such arrangement shall release a carrier from liability otherwise provided by law for loss or damage to an individual's goods and effects.

(iv) *Trailer commercially hauled.* If household goods and personal effects are transported by trailer hauled by a commercial carrier the individual shall submit to the State agency an estimate of the cost of the hauling from a commercial carrier. A check for 80 percent of the amount of the estimate, if approved, but not exceeding 20 cents a mile, payable to the carrier, may be delivered to the individual at the time of the scheduled transportation or within 10 days prior thereto.

(c) *Lump sum allowance.* The lump sum allowance provided in § 91.32(c) shall be paid when arrangements are completed for relocation of the individual and family, if any, but not more than 10 days before the anticipated date of shipment of the individual's household goods and personal effects.

§ 91.36 Overpayment of relocation allowance.

(a) *Repayment required.* If an individual fails without good cause to complete a relocation, any payment under § 91.32 constitutes an overpayment.

(b) *Relocation completed.* A relocation is completed when an individual and family, if any, and their household goods and personal effects arrive at the individual's home in the area of relocation. If no household goods are transported a relocation is completed when the individual and family, if any, actually move to the area of relocation and establish a new residence. Failure of a member of an individual's family to move does not mean a relocation was not completed if there was good cause for the failure, unless the member is the only member of the individual's family.

(c) *Collection.* An overpayment determined under this section shall be collected as stated in § 91.58.

Subpart E—Job Search Allowances

§ 91.40 General.

A job search allowance shall be granted an adversely affected worker to assist the individual in securing a job within the United States as stated in this Subpart E.

§ 91.41 Applications.

(a) *Forms.* An application for a job search allowance shall be made in accordance with instructions and on forms approved by the Secretary which shall be furnished to an individual by a State agency or State employment service.

(b) *Submittal.* An application may be submitted to a State agency at any time regardless of whether a certification covering the individual has been made.

(c) *Time limits.* Notwithstanding paragraph (b) of this section, an application for a job search allowance may not be granted if submitted more than one year after the date of an individual's last total separation or later than 6 months after completion of training under Subpart C of this Part 91.

§ 91.42 Eligibility.

(a) *Conditions.* To be eligible for a job search allowance an individual must:

(1) File a timely application;

(2) Have been totally separated from adversely affected employment;

(3) Be referred to the State employment service which shall furnish the individual such employment services as are appropriate as provided in § 91.17;

(4) Have no reasonable expectancy of securing suitable employment in the commuting area;

(5) Have received a bona fide referral to suitable employment outside the commuting area or have a reasonable expectancy of obtaining suitable employment of long term duration in the area where the job search will be conducted: and

(6) Complete the job search within a reasonable period, not exceeding 30 days, after the day on which the job search began.

(b) *Completion of search.* A job search is deemed completed when the individual either secures employment or has contacted each employer to whom referred by the employment service in connection with a job search.

§ 91.43 Findings required.

Before an application under § 91.41 may be approved the following findings must be made.

(a) The State agency having jurisdiction under § 91.51(a) must find that the individual meets the requirements of § 91.42(a)(2).

(b) The Director of the employment service of the State where the individual resides must find that:

(1) The application was submitted within the time stated in § 91.41(c);

(2) The worker meets the requirements of § 90.42(a) (4) and (5), and such finding shall state the basis thereof;

(3) There is reasonable expectancy the individual can obtain the employment sought; and

(4) The beginning date and date on or before which the job search should be completed.

§ 91.44 Amount.

(a) *Computation.* The amount of a job search allowance shall be 80 percent of the total of the following items:

(1) *Commercial carrier.* If travel is by commercial carrier, the cost of such travel by the most economical public transportation the individual reasonably can be expected to take from the individual's residence to the area of job search.

(2) *Automobile.* If travel is by private automobile, 12 cents a mile for travel by the usual route from the individual's residence to the area of job search.

(3) *Lodging.* The individual's cost of lodging while engaged in job search, not exceeding $12 a day.

(4) *Meals.* The cost of the individual's meals while engaged in job search, not exceeding $5 a day.

(b) *Limit.* The total job search allowance paid an individual in a benefit period may not exceed $500.

§ 91.45 Time and method of payment.

(a) *Determinations.* A State agency promptly shall make determinations necessary to assure entitlement of an individual to a job search allowance at any time, whether before or after a certification covering the individual is made. No job search allowance may be paid or advanced to an individual until the State agency determines that the individual is covered by a certification. If delay in payment occurs under the preceding sentence a State agency shall make payment as promptly as possible on determining that the individual is covered by a certification and otherwise eligible.

(b) *Payment.* Unless paragraph (a) of this section applies, a job search allowance shall be paid promptly after an individual completes a job search and complies with § 91.46.

(c) *Advances.* A State agency may advance to an individual (except an individual not yet covered by a certification) within 5 days prior to commencement of a job search 60 percent of the estimated amount of the job search allowance payable on completion of job search, but not exceeding $300. Such advance shall be deducted from a payment under paragraph (b) of this section.

§ 91.46 Worker evidence.

On completing a job search an individual shall certify on forms furnished by the State agency as to employer contacts made and amounts expended daily for food and lodging.

§ 91.47 Overpayment of job search allowance.

If an individual fails without good cause to complete a job search any payment under § 91.45 constitutes an overpayment. Such overpayment shall be collected as stated in § 91.58.

Subpart F—Administration

§ 91.51 Determinations.

(a) *Jurisdiction.* The State agency whose State law is the applicable State law under § 91.14 shall determine an individual's entitlement to adjustment assistance under this Part 91, and make necessary payments, and may accept for such purpose information and findings supplied by another State agency under this Part 91.

(b) *Redeterminations.* A determination under paragraph (a) of this section may be reconsidered by a State agency under the same terms and conditions as a determination on a claim for unemployment insurance under the State law.

(c) *Use of State law.* In making determinations or redeterminations under this section, or in reviewing such determinations or redeterminations under § 91.52 a State agency, a hearing officer, or a court shall apply the regulations in this Part 91 and the substantive provisions of the Act. As to matters not otherwise specifically provided for in these regulations or the Act, a State agency, a hearing officer, or a court may apply the applicable State law and regulations thereunder, including procedural requirements of such State law or regulations, except so far as such State law or regulations are inconsistent with this Part 91 or the Act or the purposes of this Part 91 or the Act.

(d) *Agent of United States.* In making determinations, redeterminations, and in connection with proceedings for review thereof a State agency which has executed an agreement as provided in § 91.63 shall be an agent of the United States and shall carry out fully the purpose stated in § 91.2.

(e) *Notice.* The State agency shall notify the individual in writing of any determination or redetermination as to entitlement to adjustment assistance. Each determination or redetermination shall inform the individual of the right to reconsideration or appeal in the same manner as a determination under the State law.

(f) *Procedure.* Except where otherwise required by the Act or this Part 91, the procedures for making and furnishing determinations and written notices of determinations to individuals, shall be consistent with the Secretary's "Standard for Claim Determinations-Separation Information," ("Employment Security Manual," Part V, section 6010 et seq.)

§ 91.52 Appeals.

A determination or redetermination under this Part 91 shall be subject to review in the same manner and to the same extent as determinations under the applicable State law and only in that manner and to that extent. Proceedings for review of a determination or redetermination may be consolidated or joined with proceedings for review of a determination or redetermination under the State law where convenient or necessary. Procedures as to the right of appeal and opportunity for fair hearing shall be consistent with sections 303(a)(1) and (3) of the Social Security Act (42 U.S.C. 503(a) (1) and (3)).

§ 91.53 Promptness.

A State agency shall make full payment of adjustment assistance when due with the greatest promptness administratively feasible. Appeals under § 91.52 shall be decided with a degree of promptness meeting 20 CFR Part 650. Any provision of an applicable State law for advancement or priority of unemployment insurance cases on judicial calendars, or otherwise intended to provide for prompt payment of unemployment insurance when due, shall apply to proceedings involving entitlement to adjustment assistance under this Part 91.

§ 91.54 Uniform interpretation.

To assure uniform interpretation and application of this Part 91 throughout the United States a State agency shall submit, not later than 10 days after issuance, to the Manpower Administration of the United States Department of Labor a copy of any judicial or administrative decision reviewing a determination or redetermination under this Part 91. The material submitted shall be certified as accurate by a responsible official, employee, or counsel of a State agency on a form prescribed by the Secretary. If the Secretary believes a determination or decision inconsistent with this Part 91 or the Act, the Secretary may at any time inform the State agency that the United States Department of Labor does not acquiesce therein. Thereafter the State agency shall appeal if possible, shall not follow such determination or decision as a precedent, and in any subsequent proceedings which involve such determination or decision, or wherein such determination or decision is cited as precedent or otherwise relied upon, the State agency shall inform the hearing officer or court of the reason for its nonacquiescence and shall make all reasonable efforts, including appeal or other proceedings before any court having jurisdiction, to obtain modification, limitation, or overruling of such precedent. A State agency may request reconsideration of a notice of nonacquiescence and shall be given opportunity to present views and argument if desired. Acquiescence of the United States Department of Labor in a determination or decision shall not be presumed from absence of comment. If the highest State court having jurisdiction renders by a decision which becomes final a precedent in which the United States Department of Labor does not acquiesce, a decision shall be made by the Secretary as to whether § 91.63(e) shall be applied.

§ 91.55 Subpenas.

A State agency may issue subpenas for attendance of witnesses and production of records on the same terms and conditions as under the State law. Compliance may be enforced on the same terms and conditions as under the State law, or, if a State court declines to enforce a subpena issued under this section, the State agency may petition for an order requiring compliance with such subpena to the United States district court within the jurisdiction of which the relevant proceeding under this Part 91 is conducted.

§ 91.56 Reports.

A State agency shall furnish to the Secretary such information and reports and make such studies as the Secretary decides are necessary or appropriate for carrying out the purposes of the Act and this Part 91.

§ 91.57 State agency rulemaking.

A State agency may establish supplemental procedures not inconsistent with the Act or this Part 91 or procedures prescribed by the Secretary to further effective administration of this Part 91. The exact text of such supplemental procedure or procedures, certified as accurate by a responsible official, employee, or counsel of the State agency, shall be submitted to the Manpower Administration, United States Department of Labor, on a form supplied by the Secretary. No supplemental procedure shall be effective unless and until approved by the Secretary. Approval may be granted on a temporary basis, not to exceed 90 days, in cases of administrative necessity. On reasonable notice to a State agency approval of a supplemental procedure may be withdrawn at any time. If public notice and opportunity for hearing would be required under a State law for adoption of a similar or analogous procedure involving unemployment insurance, such public notice and opportunity for hearing shall be afforded by the State agency as to the supplemental procedure.

§ 91.58 Overpayments.

(a) *Fraud.* If a cooperating State agency or the Secretary, or a court or competent jurisdiction finds that any person:

(1) Has made or caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed or caused another to fail to disclose a material fact; and

(2) As a result of such action has received any payment under this Part 91 to which the person was not entitled, such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be, or either may recover such amount by deductions from any sums payable to such person under this Part 91.

(b) *Absence of fraud.* Except as provided in §§ 91.36 and 91.47, if there has been an overpayment to any person but no finding by a State agency, the Secretary, or a court of competent jurisdiction has been made that there was an intent to defraud, the determinations specified below shall be made on the same basis as similar determinations as to overpayments of unemployment insurance are made under the applicable State law:

(1) Whether the person shall be liable to repay such overpayment in cash, or

(2) Whether the person shall be permitted to offset any future amounts payable to such person under the Act, or

(3) Whether a waiver of such overpayment may be permitted.

(c) *Deposit.* Any amount repaid to a State agency under this section shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under this paragraph shall be returned to the

Secretary of the Treasury and credited to the Adjustment Assistance Trust Fund.

(d) *Procedures.* Procedures for determination of overpayment, and opportunity for hearing thereon, shall accord with procedures under the State law for determinations and hearings with respect to overpayments under the State law, and shall be consistent with sections 303(a) (1) and (3) of the Social Security Act (42 U.S.C. 503(a) (1) and (3)).

(e) *Detection.* Procedures of a State agency as to detection and prevention of fraudulent overpayments of adjustment assistance shall be consistent, at a minimum, with the procedures adopted by a State with respect to unemployment insurance which are consistent with the Secretary's "Standard for Fraud and Overpayment Detection." ("Employment Security Manual," Part V, section 7510 et seq.).

§ 91.59 Waiver of rights void.

An agreement by an individual to waive, release, or commute any right to adjustment assistance or other right under the Act or this Part 91 shall be void. No employer shall discriminate in regard to the hiring or tenure of work or any term or condition of work of an individual on account of an application for adjustment assistance under this Part 91, or in any manner obstruct or impede an application for adjustment assistance.

§ 91.60 Exemption.

Any assignment, pledge, or encumbrance of any right to adjustment assistance which is or may become due and payable under this Part 91 shall be void; and such right to adjustment assistance shall be exempt from levy, execution, attachment, garnishment, order for the payment of attorney fees, offset or recovery of overpayments under any law other than the Act, or any other remedy whatsoever provided for the collection of debt whether owed to the United States, a State, or a person; and adjustment assistance received by an individual shall be exempt from any remedy whatsoever for the collection of all debts, except necessaries furnished to such individual or the individual's family during the time when such individual was unemployed. Any waiver of the exemption provided for in this section shall be void.

§ 91.61 Disclosure of information.

Except where a public hearing has been held under § 91.52 with respect to such individual, the identity of an individual who has applied for adjustment assistance shall be held confidential by a State agency and determinations as to such individual shall not be disclosed or open to public inspection in any manner revealing the individual's identity. This section does not prohibit disclosure of information from the records of a State agency:

(a) To individuals applying for adjustment assistance and other interested parties to an appeal under § 91.52 to the extent necessary to adequately prepare for and participate in a hearing under § 91.52;

(b) To other State agencies in connection with the administration of State laws or this Part 91;

(c) To public assistance agencies for purposes not inconsistent with the purposes of the Act or this Part 91;

(d) To public officials (including law-enforcement officials) for purposes of proceedings under section 244 of the Act, 88 Stat. 2026 (19 U.S.C. 2316), or other purposes found by the Secretary to be not inconsistent with the purposes of the Act and this Part 91; or

(e) To the Secretary and the Manpower Administration of the United States Department of Labor as provided in §§ 91.54 and 91.56.

§ 91.62 Unemployment insurance.

(a) *No denial or reduction.* Unemployment insurance payable to an adversely affected worker shall not be denied or reduced for any week by reason of any right to payment of adjustment assistance under this Part 91.

(b) *No waiting week.* No provision of a State law requiring an individual to serve a week of uncompensated unemployment (waiting week) as a condition to payment of unemployment insurance shall be applied to an adversely affected worker for a week which is a week of unemployment as defined in § 91.3(a)(37) so as to deny the individ-

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ual a payment of adjustment assistance for such week.

§ 91.63 Agreements with State agencies.

(a) *Authority.* Before performing any function or exercising any jurisdiction under this Part 91 a State or a cooperating State agency shall execute an agreement with the Secretary meeting the requirements of the Act.

(b) *Execution.* An agreement under paragraph (a) of this section shall be signed on behalf of a State by an authorized official of the State and the signature shall be dated. The authority of the official shall be certified by the Attorney General of the State or counsel for the State agency. An agreement will be executed on behalf of the United States by the Secretary.

(c) *Public inspection.* An agreement with a State or cooperating State agency shall be made available by the State agency to any individual or organization wishing to inspect or copy the agreement. As to the United States Department of Labor 29 CFR Part 70 shall apply.

(d) *When effective.* An agreement under this section must be executed prior to July 1, 1975, by a State agency to meet the requirement of section 3302(c)(4)(A) of the Internal Revenue Code of 1954 (26 U.S.C. 3302(c)(4)(A)), as added by section 239(e) of the Act, 88 Stat. 2025 (19 U.S.C. 2311(e)), and when so executed shall be effective as of April 3, 1975.

(e) *Breach.* If the Secretary finds that a State or State agency has not executed an agreement under this section before July 1, 1975, or that a State or State agency has not fulfilled its commitments under such agreement, section 3302(c)(4) of the Internal Revenue Code of 1954, as added by section 239 of the Act, shall apply. A State agency or State shall receive reasonable notice and opportunity for hearing before a finding is made under this paragraph that it has not fulfilled its commitments under its agreement.

§ 91.64 Administration absent State agreement.

In any State in which no agreement under § 91.63 is in force the Secretary shall administer this Part 91 and pay adjustment assistance hereunder through appropriate arrangements made through the Manpower Administration of the United States Department of Labor. Such arrangements shall include provision for a fair hearing for any individual whose application for adjustment assistance is denied. A final determination by the Secretary under this section as to the entitlement to adjustment assistance of an individual shall be subject to review by the courts in the same manner and to the same extent as is provided by section 205(g) of the Social Security Act (42 U.S.C. 405(g)).

§ 91.65 Transitional procedures.

(a) *Law applicable.* Except as provided in paragraph (b) of this section—

(1) An individual covered by a certification issued under the Act shall be entitled to adjustment assistance provided for in the Act, in the amounts and under the conditions prescribed in the Act; and

(2) An individual covered by a certification issued under the Trade Expansion Act of 1962 who has not had an application for trade readjustment allowances denied under section 322 of that Act for any week of unemployment (as defined in section 338(14) of the Trade Expansion Act of 1962, 19 U.S.C. 1978(14)) beginning prior to April 3, 1975, may apply for a trade readjustment allowance under this Part 91 for a week of unemployment (as defined in section 247(14) of the Act) beginning on or after April 3, 1975, as if such certification was issued under the Act.

(b) *Weeks before and after April 3, 1975.* An individual applying for a trade readjustment allowance, regardless of whether the certification covering the individual was issued under the Trade Expansion Act of 1962 or the Act, shall receive, if otherwise eligible:

(1) For a week of unemployment as defined by section 338(14) of the Trade Expansion Act of 1962, beginning before April 3, 1975, a trade readjustment allowance in the amount and under the conditions prescribed by section 323 of the Trade Expansion Act of 1962; and

(2) For a week of unemployment as defined by § 91.3(a)(37), beginning on or after April 3, 1975, a trade readjustment allowance in the amount and under the conditions prescribed by Subpart B of this Part 91.

(c) *Tacking.* Weeks of unemployment described in paragraph (b)(1) of this section for which trade readjustment allowances are payable to an individual shall be deducted from the total weeks of unemployment for which the individual is eligible for trade readjustment allowances under § 91.12.

§ 91.66 Savings clause.

The repeal of sections 321 through 328 of the Trade Expansion Act of 1962 shall not abate or otherwise affect entitlement to adjustment assistance under such Act or any appeal which was pending on April 3, 1975, or prevent any appeal from any determination thereunder which did not become final prior to April 3, 1975, if appeal or petition is filed within the time allowed for appeal or petition.

PART 92—REDWOOD EMPLOYEE PROTECTION PROGRAM

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AUTHORITY: Secs. 202 and 213(c)(2), Pub. L. 95-250, Mar. 27, 1978, unless otherwise noted.

SOURCE: 45 FR 58313, Sept. 2, 1980, unless otherwise noted.

Subpart A—General

§ 92.1 Purpose and scope.

(a) *Implementation.* The regulations contained in this chapter are designed to implement Section 103 (d) through (i) of Title I, and Title II of the Redwood National Park Act of 1968, as amended by Pub. L. 95-250 enacted March 27, 1978.

(b) *Application for benefits.* These regulations pertain to applications by individuals for Redwood Employee Protection Program (REPP) benefits such as: weekly layoff benefits, severance payments, vacation replacement benefits, retraining, job search allowances, and job relocation allowances. Applications for such benefits will be administered by the California Employment Development Department (EDD) with the assistance and cooperation of other State employment security agencies (SESAs). Applications by individuals for continuing entitlement to health and welfare benefits and accrual of pension rights and credits will be administered by the Labor-Management Services Administration (LMSA) of the United States Department of Labor.

SPECIAL CONSIDERATIONS

(c) *Conclusive presumption.* The total or partial layoff of a covered employee employed by an affected employer during the period beginning May 31, 1977 and ending September 30, 1980, is conclusively presumed to be attributable to the expansion of the Redwood National Park (Section 203, Pub. L. 95-250, 92 Stat. 175). No such presumption exists, however, if such employee has voluntarily quit, been laid off or terminated for a cause that would disqualify him/her for unemployment compensation with certain limited exceptions. The exceptions are listed in § 92.21(b)(7) (i) through (viii) herein.

(d) *Interpretation of Title II.* In implementing and interpreting Title II of the Act, the Secretary shall avoid inequities adverse to employees. In all cases where two or more interpretations of Title II of the Act would be reasonable, the Secretary shall adopt and apply that interpretation which is most favorable to employees (Section 213(f), Pub. L. 95-250, 92 Stat. 182).

§ 92.2 Terms relating to administration.

"Act" means the Redwood National Park Act of 1968 as amended by Pub. L. 95-250.

"Administrative Record" means all evidence, documents, and information, including transcript, relative to an appeal of a claimant.

"ALJ" means an Administrative Law Judge of the California Unemployment Insurance Appeals Board and includes any other designee who is employed to act as the first level appellate authority for the C.U.I.A.B.

"Applicant" means an individual who has made an application for REPP benefits under the Act.

"Assistant Secretary" means the Assistant Secretary of Labor for Labor-Management Relations, unless otherwise indicated.

"Benefits" means weekly layoff benefits, severance payments, vacation replacement payments for seasonal employees, retraining, job search allowances, job relocation allowances, and continuing entitlement to health and welfare benefits and accrual of pension rights and credits.

"Code" means the California Unemployment Insurance Code or its equivalent in another state.

"CUIAB" means the California Unemployment Insurance Appeals Board.

"Days" means calendar days.

"EDD" means the California Employment Development Department.

"ETA" means the Employment and Training Administration of the U.S. Department of Labor.

"LMSA" means the Labor-Management Services Administration of the U.S. Department of Labor.

"Office of Appeals" means the San Francisco Office of the California Unemployment Insurance Appeals Board or its equivalent in another state.

"Pension" means any payment(s) or annuity received by an employee from his/her employer upon retirement.

"REPP" means the Redwood Employee Protection Program.

"SESA" means a State employment security agency.

"Secretary" means the Secretary of Labor.

"Severance payment" means a lump sum payment in lieu of other benefits to an affected employee or a retired employee (Section 208, Pub. L. 95-250, 92 Stat. 179).

"Vacation replacement benefit" means a payment to a seasonal employee which is equivalent to the payment the seasonal employee would have received for vacation pay had the individual remained employed in his/her seasonal occupation (Section 207(c)(3), Pub. L. 95-250, 92 Stat. 178).

"Weekly layoff benefit" means a weekly payment to an affected employee (other than a short-service employee) which is an amount equivalent to the level of weekly earnings he/she would be receiving if still working for his/her last affected employer (Section 207(a), Pub. L. 95-250, 92 Stat. 178).

§ 92.3 Terms relating to employees.

(a) *Employee.* "Employee" means any person employed by an affected employer with the exception of those persons who are engaged in managerial functions or functions directly auxiliary to management as described in Section 13(a)(1) of the Fair Labor Standards Act (Section 201(3), Pub. L. 95-250, 92 Stat. 172).

(b) *Covered employee* means an employee who:

(1) Had seniority under a collective bargaining agreement with an affected employer as of May 31, 1977, has at least twelve months of creditable service as of March 27, 1978, and has performed work (as defined in Section 201(17) of the Act) for one or more affected employers on or after January 1, 1977, or

(2) Has performed work for one or more affected employers for at least 1,000 hours from January 1, 1977 through March 27, 1978 and had a continuing employment relationship with an affected employer as of March 27, 1978, or if laid off on or after May 31, 1977 but before March 27, 1978 had such a relationship as of the date of layoff (Section 201(10), Pub. L. 95-250, 92 Stat. 173).

(c) *Affected employee* means a covered employee who: (1) Has been either totally or partially laid off by an affected employer within a time period beginning on or after May 31, 1977 and ending September 30, 1980, unless extended by the Secretary; or (2) has been determined by the Secretary as an individual adversely affected by the expansion of the Redwood National Park (Section 201(11), Pub. L. 95-250, 92 Stat. 173).

SPECIAL CLASSES OF EMPLOYEES

§ 92.4 Short-service employee.

(a) *Definition.* "Short-service employee" means an affected employee who:

(1) Will not reach age sixty before October 1, 1984; and

(2) As of the date of becoming an affected employee, has less than five full years of service credit under a pension plan contributed to by industry employers or has less than five full years of creditable service (Section 209, Pub. L. 95-250, 92 Stat. 180).

(b) *Weekly layoff and vacation replacement benefit.* A short-service employee shall not be eligible to receive weekly layoff or vacation replacement benefits.

(c) *Severance payment.* A short-service employee shall be eligible to receive a severance payment provided he/she meets the eligiblity requirements set forth in § 92.24 (b) or (c).

(d) *Retraining, job search and relocation allowances.* A short-service employee shall be eligible for retraining, job search allowances, and job relocation allowance, beginning on the date of his/her total layoff or on the date of the availability of approved retraining (whichever is later) and extending through a period equal to the length of his/her creditable service. However, in the case of retraining, the period of eligibility shall not commence until such approved retraining is available. In no instance shall payment of REPP funds be made to any individual engaged in approved retraining for any period of time after September 30, 1984. While in good faith engaged in training a short-service employee shall be paid the same stipends and allowances as are applicable to other individuals engaged in such training programs who are not covered by this Act.

(e) *Health and welfare and pension benefits.* A short-service employee shall not have continuing entitlement to health and welfare benefits or accrual of pension rights and credits.

§ 92.5 Seasonal employee.

(a) *Definition.* "Seasonal employee" means an affected employee (including a short-service employee) whose highest paid job held, other than by temporary assignment, with one or more affected employers during the period from January 1, 1977 through March 27, 1978, was in an occupation in which the average annual number of weeks during which work was actually performed by the employee in such occupation during the five calendar years preceding March 27, 1978 was forty or less weeks (Section 207(c), Pub. L. 95-250, 92 Stat. 178). A seasonal employee (other than a short-service employee) shall be eligible to receive weekly layoff and vacation replacement benefits during his/her usual season. A seasonal employee may elect to receive a severance payment in lieu of weekly layoff and vacation replacement benefits. In addition, he/she shall be eligible for retraining, job search allowances, and a job relocation allowance, during his/her period of protection, and for continuing entitlement to health and welfare benefits and to accrual of pension rights and credits.

§ 92.6 Retired employee.

(a) *Definition.* "Retired employee" means an employee who retired from employment with an affected employer, for reasons other than disability, on or after May 31, 1977 but not later than September 30, 1984 (Section 204(b)(1), Pub. L. 95-250, 92 Stat. 176). In order to be eligible for REPP benefits such employee must:

(1) Be receiving or have received pension benefits under a plan financed by industry employers; and

(2) Be at least 62 but less than 65 at the time of retirement; and

(3) Not be eligible for benefits under Title XVIII of the Social Security Act (Medicare).

(b) *Weekly layoff and vacation replacement benefits.* A retired employee shall not be eligible to receive a weekly layoff or vacation benefit.

(c) *Severance payment.* An employee retiring early (between age 62 and age 65) who meets the other criteria set forth in § 92.6(a) shall be eligible to receive a severance payment upon presentation of evidence that he/she is retired on a plan financed by an industry employer (Section 204(b) (1), (2), (3), Pub. L. 95-250, 92 Stat. 176).

(d) *Retraining, job search and relocation allowances.* A retired employee shall not be eligible for retraining, job search allowances, and a job relocation allowance.

(e) *Health and welfare benefits.* A retired employee shall have continuing entitlement to health and welfare benefits (other than group life insurance and additional death, dismemberment and loss of sight benefits) if the employee lost entitlement to such benefits upon retirement.

§ 92.7 Contract employee.

(a) *Definition.* "Contract employee" means an employee:

(1) Who performed work pursuant to a contract or agreement for services within or directly related to the expansion area between an affected contract employer and an affected woods employer and,

(2) Said employee performed such work within or directly related to the expansion area (Section 201(4), Pub. L. 95-250, 92 stat. 172)

(b) *Limited number.* The number of contract employees who may be eligible for REPP benefits is limited. The determination by LMSA as to how many contract employees may become eligible for REPP benefits is calculated as follows: First determine what percent of the affected contract employer's employee hours were worked within or directly related to the expansion area in 1977. Then apply (multiply) that percent times the total of all employees on the contract employer's 1977 payroll. The product of this calculation becomes the number of that contract employer's employees who may receive REPP benefits. For example, 40% of an employer's employee hours in 1977 were worked in expansion area. The employer had 175 total contract employees on the company's payroll in 1977. 175 multiplied by .40 equals 70; 70 employees would thereby be eligible for benefits. In order to assure benefits will be allocated to employees based upon priority of submission of claim, the date and time of application shall be recorded when such employees make application. Each employee who receives any type of benefits counts as one employee when calculating the number of eligible employees for that contract employer.

§ 92.8 Terms relating to employers.

(a) *Industry employer.* "Industry employer" means a corporation, partnership, joint venture, person, or other form of business entity (including a predecessor or successor by purchase, merger, or other form of acquisition), of which a working portion or division is an affected employer (Section 201(5), Pub. L. 95-250, 92 Stat. 172).

(b) *Affected employer.* "Affected employer" means a corporation, partnership, joint venture, person, or other form of business entity (including a predecessor or a successor by purchase, merger, or other form of acquisition), or a working portion or division thereof, which is engaged in the harvest of timber or in related sawmill, plywood, or other wood processing operations, and which meets the qualifications set forth in the definition of affected woods employer, affected mill employer, or affected contract employer. For purposes of this Act, the Assistant Secretary shall determine an employer's status and shall provide a list of employers who qualify as affected employers (Section 201(6), Pub. L. 95-250, 92 Stat. 172).

(c) *Affected woods employer.* "Affected woods employer" means an affected employer engaged in the harvest of redwood timber who owns at least 3 per centum of the number of acres authorized to be included within the expansion area on January 1, 1977 and on March 27, 1978; provided, that an affected woods employer shall be only that major portion or division of the industry employer directly responsible for such harvesting operations (Section 201(7), Pub. L. 95-250, 92 Stat. 172).

(d) *Affected mill employer.* "Affected mill employer" means an affected employer engaged in sawmill, plywood, or other wood processing operations in Humboldt or Del Norte Counties in the State of California who has either (1) obtained 15 per centum or more of its raw wood materials directly from affected woods employers during calendar year 1977, or (2) is a wholly owned mill of an affected woods employer; provided, that an affected mill employer shall be only that major portion or division of the industry employer directly responsible for such wood processing operations (Section 201(8), Pub. L. 95-250, 92 Stat. 173).

(e) *Affected contract employer.* "Affected contract employer" means an affected employer providing services pursuant to contract with an affected woods employer, if at least 15 per centum of said employer's employee-hours worked during calendar year 1977 were within or directly related to the expansion area pursuant to such contract or contracts (Section 201(9), Pub. L. 95-250, 92 Stat. 173).

(f) *Performed work.* "Performed work" shall include any time during which an employee worked for an affected employer or with respect to which an employee received pay from such an employer for time not worked, and shall also include any time during which an employee would have been at work for such an employer if not for service in the armed forces, for a leave (approved by the employer) for work with an employee organization, or for a disability for which said employee received workers' compensation, disability compensation benefits provided under California law, or social security disability pension benefits: *Provided,* That contract employees shall be deemed to have performed work during the period of such service or disability only if:

(i) The employee worked within or directly related to the expansion area immediately prior to the occurrence of such service or disability and

(ii) The employee returned or sought to return to work for an affected contract employer immediately after the end of the service or disability if that was prior to the date of enactment.

The term "work performed", when used in relation to a period of time, shall also be deemed to include any period during which an employee is deemed to have performed work (Section 201(17), Pub. L. 95-250, 92 Stat. 174).

§ 92.9 Terms relating to employment.

(a) *Commuting area.* "Commuting area" means an area, for purposes of suitable work, within the commuting distance of an individual's place of residence. It is determined in accordance with policy established under California State law. However, for the purposes of a job relocation allowance, commuting area shall mean a work location which is within 30 or less normal highway miles of an affected employee's place of residence.

(b) *Continuing employment relationship.* "Continuing employment relationship" means that an employee has worked for an affected employer on a regular basis. Authorized absences are not considered a break in a continuing employment relationship. Summer or vacation relief employees or other temporary employee replacements are not considered to have a continuing employment relationship.

(c) *Continuous service.* "Continuous service" with respect to employees not having seniority under a collective-bargaining agreement with an affected employer or an industry employer shall mean a period of time measured in months equal to the sum of all hours during which the employee performed work for said employer plus all hours for which the employee received pay for time not worked divided by one hundred and seventy-three (Section 201(16), Pub. L. 95-250, 92 Stat. 174).

For example, an employee worked 1,367 hours in 1976, 1,824 hours in 1977, and 2,172 hours in 1978. The employee is then laid off. Add: 1,367+1,824+2,172 for a sum of 5,363; divide this sum (5,363) by 173; the result is then 31 months of continuous service.

(d) *Creditable service.* "Creditable service" means an affected employee's total length of service working for affected or industry employers. Creditable service when used to determine an employee's period of protection shall be computed as follows:

(1) A period equal to the length of an employee's seniority (or continuous service), with the employee's last affected employer at the time said employee is eligible to receive a weekly layoff benefit or vacation replacement benefit; plus

(2) A period equal to the sum of all prior periods during which the employee had seniority (or continuous service) with the same affected employer and with other industry employers. However, if such seniority (or continuous service) was broken for more than three consecutive years, any periods of seniority (or continuous service) prior to the break shall be disregarded and shall not be counted as creditable service. Creditable service shall not be considered as broken if the cause for the break in service was one of the following:

(i) Employment with other affected employers or industry employers; or

(ii) Service in the Armed Forces; or

(iii) Disabilities for which the employee received any workers' compensation benefits; unemployment compensation disability benefits; or disability benefits under the Social Security Act.

Creditable service shall include only those periods of employment with his/her last affected employer and other industry employers (Section 206, Pub. L. 95-250, 92 Stat. 177). If necessary EDD will request the appropriate authorization to examine an applicant's social security wage record in order to establish an applicant's creditable service.

(e) *In the industry.* "In the industry" means employment with affected employers or, in general, with any employer which is primarily engaged in activities defined in a Standard Industrial Classification (SIC) number is in the four digit Group No. 2411 (Logging Camps and Logging Contractors), 2421 (Sawmills and Planning Mills, General), 2435 and 2436 (Hardwood and Softwood, Veneer and Plywood), 2492 (Particle Board) or 2611 (Pulp Mills), or with an employer engaged in related types of activities that are "sawmill", "plywood", or other "wood processing operations" within the meaning of Title II.

(f) *Partial layoff.* "Partial layoff" or downgrading means a calendar week for which all pay received by a covered employee from affected employers is at least 10 per centum less than the weekly layoff benefit or vacation replacement benefit that would have been payable for that week had the employee suffered a total layoff (Section 201(12), Pub. L. 95-250, 92 Stat. 173).

(g) *Period of protection.* "Period of protection" means a period of time equal to the length of an affected employee's creditable service during which period an affected employee is entitled to weekly layoff benefits or vacation replacement benefits and to continuation of health and welfare benefits and accrual of pension rights and credits. An employee's period of protection shall start with the beginning of the first week for which the employee is eligible to receive a weekly layoff benefit or vacation replacement benefit and shall continue until the earliest of:

(1) The date the employee accepts a severance payment;

(2) A period equal to the length of the employee's creditable service is exhausted; or

(3) The employee's sixty-fifth birthday.

In no event shall an employee's period of protection extend beyond September 30, 1984, except for an employee who reaches age 60 on or before September 30, 1984, in which case the employee's period of protection shall be extended until his/her 65th birthday (Section 206(a), Pub. L. 95-250, 92 Stat. 177).

(h) *Seniority.* "Seniority" with respect to an employee covered by a collective-bargaining agreement with an affected employer, shall be determined as provided in such agreement and shall be deemed to refer to company seniority, if the agreement provides for such seniority and, otherwise, to plant seniority (Section 201(15), Pub. L. 95-250, 92 Stat. 174).

(i) *Sixty-fifth birthday.* "Sixty-fifth birthday" means the last day of the month in which the sixty-fifth birthday occurs (Section 202, Pub. L. 95-250, 92 Stat. 175).

(j) *State job service.* "State job service" means that agency of the state government which performs the employment service functions.

(k) *Suitable work.* "Suitable work" means:

(1) Work defined as suitable in the California Unemployment Insurance Code; and

(2) With respect to an employee who has completed retraining paid for by the Secretary, a job paying no less than the prevailing wage rate in the area for the occupation for which said employee was retrained; or

(3) A job comparable with that which said employee would be required to accept pursuant to the seniority provisions of the applicable collective-bargaining agreement (or, if not covered by such an agreement, in accordance with the usual practice of the affected employer) (Section 201(14), Pub. L. 95-250, 92 Stat. 173).

(l) *Total layoff.* "Total layoff" means a calendar week during which an affected employer has made no work available to a covered employee and has made no payment to a covered employee for the time not worked (Section 201(12), Pub. L. 95-250, 92 Stat. 173).

(m) *Usual season.* "Usual season" means those weeks commencing in each calendar year during which a seasonal employee is usually employed by an affected employer.

In the event of ambiguity of definition or meaning the express terms of the statute shall prevail.

Subpart B—Application for Benefits

§ 92.10 Who may apply.

(a) *Application.* An application for REPP benefits may be filed by a covered employee or a retired employee.

§ 92.11 When to apply.

(a) *Filing after layoff.* An initial application for REPP benefits by a covered employee may be filed with respect to a total or partial layoff by an affected employer which occurred on or after May 31, 1977 but not later than September 30, 1980, or as provided in § 92.15 of this part.

(b) *Filing after retirement.* An initial application for REPP benefits by a retired employee may be filed with respect to the employee's retirement from employment with an affected employer on or after May 31, 1977, but not later than September 30, 1984.

[45 FR 58313, Sept. 2, 1980, as amended at 46 FR 32217, June 19, 1981]

§ 92.12 How to apply.

(a) *Application for unemployment compensation.* An application for unemployment compensation filed by a covered employee with the Employment Development Department or State Employment Security Agency (SESA) on or after April 3, 1978 shall be deemed an application for REPP benefits (Section 205(a), Pub. L. 95-250, 92 Stat. 176).

(b) *Eureka, Crescent City, and Redding field offices.* An initial application for REPP benefits may be filed directly in either the Eureka, Crescent City, or Redding, California field offices of the EDD.

(c) *Other EDD field offices.* An initial application for REPP benefits may also be filed at any other field office of the EDD.

(d) *SESA.* Persons residing outside of California may file an initial application for REPP benefits at their nearest local office of the SESA under special interstate procedures.

§ 92.13 Certified lists of employers.

(a) *Names of employers.* The Assistant Secretary shall publish and make available to the ETA regional offices, the EDD Central Office and SESA offices certified lists containing the names of:

(1) Industry employers;

(2) Affected employers;

(3) Affected contract employers (including the maximum number of contract employees who can become eligible for REPP benefits); and

(4) Those local employers who have been determined not to qualify as affected employers.

(b) *Updating.* These lists were established originally based upon early survey information. Since all of the eligible affected employers may not have been identified, these lists are subject to challenge at any time to review the addition or deletion of any given employer.

§ 92.14 Processing applications.

EDD determinations. The EDD shall process all applications to determine whether an applicant is entitled to REPP benefits and the types and amounts of such benefits pursuant to policies, criteria, and standards set forth in these regulations.

§ 92.15 Layoffs after September 30, 1980.

(a) *Qualifying layoffs.* A covered employee laid off between October 1, 1980 and September 30, 1984 shall be deemed to be an affected employee if such layoff occurred under one of the following circumstances:

(1) The covered employee suffered a qualifying layoff from an affected employer and the employee returned to work for a known short-term recall from that employer or the length of employment is less than 50% of a seasonal worker's average season (as computed for REPP benefits) and the employee is again laid off; or

(2) The covered employee works for an affected employer on a staggered work schedule, designed to spread available work among employees to prevent total layoffs, during the period beginning May 31, 1977 and ending September 30, 1980 and has continued to work on such schedule beyond September 30, 1980. (An example of a staggered work schedule which is qualifying for this purpose is a week of work and a week of layoff or any reasonable extension of the principle. An example of a staggered work schedule which is not qualifying for this purpose is the 28 day work cycle as the employees average 40 hours per week.); or

(3) The covered employee was laid off by an affected employer under circumstances related to the Park expansion.

(b) *Nonqualifying layoffs.* After the effective date of this section any covered employee laid off between October 1, 1980 and September 30, 1984 shall not be deemed an affected employee if such layoff occurred under one of the following circumstances:

(1) A strike, lockout, maintenance shutdown, vacation shutdown, flood, earthquake, fire, or temporary adverse weather condition; or

(2) Any other reason unrelated to the Park expansion.

(c) *Eligibility review after the effective date of this section.* Any covered employee who has remained on a layoff that occurred between May 31, 1977 and September 30, 1980, will continue to be qualified for REPP benefits as a result of that layoff.

Notwithstanding § 92.50 of this part, after the effective date of this section, an affected employee recieving REPP benefits based on a layoff occurring after September 30, 1980 shall have the circumstances of that layoff redetermined on the basis of the above criteria. Only those employees whose layoffs are found to be qualifying upon redetermination, shall continue to receive REPP benefits.

[46 FR 32217, June 19, 1981]

Subpart C—Types of Benefits

§ 92.20 General.

This section discusses the types of benefits available under REPP. The amount of such benefits is discussed in Subpart D.

§ 92.21 Weekly layoff benefits.

(a) *EDD determination of entitlement.* The EDD shall determine the applicant's entitlement to weekly layoff benefits based upon the applicant's statement and other pertinent records.

(b) *Applicant eligibility.* To be eligible with respect to any week an applicant must:

(1) Have been determined to be an affected employee other than a short-service employee;

(2) Not be a retired employee;

(3) Not be receiving a Social Security retirement or disability benefit or a pension under a plan contributed to by an affected employer;

(4) Be registered with the State Job Service of the EDD or other SESA (unless the applicant is fully employed);

(5) Not have accepted a severance payment;

(6) Not have exhausted his/her period of protection; and

(7) Be eligible for unemployment compensation benefits under the California Unemployment Insurance Code; provided, however, he/she shall be eligible for weekly layoff benefits if the sole reason for ineligibility under the code is one or more of the following:

(i) Insufficient base period earnings; or

(ii) Exhaustion of benefit rights; or

(iii) Earnings in excess of the amount which would entitle the employee to a partial benefit for the week; or

(iv) The waiting week requirement; or

(v) Unavailability for work because of jury duty, National Guard duty, authorized retraining, or because of similar reason as determined by the Secretary pursuant to Section 201(14) of the Act; or

(vi) Refusal of work which is not "suitable work"; or

(vii) Receipt of workers' compensation or other benefit for partial disability which the employee would be entitled to receive while working; or

(viii) Any other cause of ineligibility with respect to which the Secretary determines that, under the circumstances, it would be unreasonable or otherwise contrary to the purpose of this Act to deny said employee a benefit provided for in the Act.

§ 92.22 Vacation replacement benefits.

(a) *EDD determination of entitlement.* The EDD shall determine the applicant's entitlement to vacation replacement benefits based upon the applicant's statement and other pertinent records.

(b) *Applicant eligibility.* Only seasonal employees will be eligible for a vacation replacement benefit. To be eligible the employee must meet the same eligibility criteria required for weekly layoff benefits.

§ 92.23 Health and welfare benefits; pension rights and credits.

(a) *Continuing entitlement.* Affected employees, other than short-service employees, have continuing entitlement to health and welfare benefits and accrual of pension rights and credits. The Assistant Secretary shall seek to enter into agreements with affected employees, affected employers, plan trustees, labor organizations, and/or others to maintain these benefits and rights.

(b) *Methods of continuation.* Continuation of coverage may be provided by:

(1) An employee's existing plan with his/her last affected employer; or

(2) An arrangement between the Assistant Secretary and others to provide equivalent coverage to the maximum extent feasible.

(c) *Selection of method.* The Assistant Secretary shall have the sole authority to select the appropriate method for benefit plan continuation.

(d) *Exemption from ERISA liability.* No person shall be subject to liability under the Employee Retirement Income Security Act of 1974, Section 302 of the Labor-Management Relations Act of 1947, or any other law, solely by reason of the receipt of payments from the Secretary or the payment of benefits to affected employees in accordance with this Section. Receipt of such payments and the payment of such benefits are deemed to be consistent with any relevant plan documents. None of these actions shall place the Secretary in the position of an employer or a party in interest (including a fiduciary) for purposes of the Employees' Retirement Income Security Act of 1974 (Section 204(d), Pub. L. 95-250, 92 Stat. 176).

(e) *Level of coverage.* If the last affected employer's health and welfare or pension benefit levels change during an employee's period of protection, the employee's benefits shall be changed so as to provide a level of benefit comparable to that which he/she would otherwise have received except for his/her current status as an affected employee.

(f) *Responsibility of affected and retired employees.* Affected and retired employees must retain medical records in order to substantiate claims for reimbursement.

(g) *Retired employee's entitlement.* A retired employee's continuing entitlement is contained in § 92.6(e).

§ 92.24 Severance payment.

(a) *EDD determination of entitlement.* The EDD shall determine the applicant's entitlement to a severance payment based upon the applicant's statement and other pertinent records.

(b) *Applicant eligibility.* To be eligible an applicant must meet the basic eligibility requirements of an affected employee or retired employee and must:

(1)(i) Have been on continuous layoff from employment with the employee's last affected employer for a period of at least 20 weeks subsequent to December 31, 1977; provided, that for a short-service seasonal employee the period of continuous layoff will not be considered broken by the employee's off season although off season weeks will not count toward the 20 weeks of layoff; and

(ii) Have no definite recall date for work with the affected employer by whom the employee was laid off and no offer of suitable work by any affected employer; and

(iii) Apply for severance payment during a week with respect to which the employee has not performed work for an affected employer; *or*

(2) If not (b)(1) (i) (ii) and (iii) of this section, then, have been permanently separated from employment with an affected employer during the period beginning May 31, 1977 and ending March 27, 1978, as a result of the closure of the mill or plant in which said employee was employed and, since said separation, have not been employed by an affected employer (Section 208(a) (1) (2) (3) (4), Pub. L. 95-250, 92 Stat. 179).

(c) *Disabled employee's eligibility.* An employee shall not be denied a severance payment for failure to comply with the requirements of paragraph (b)(1)(iii) of this section if the employee is otherwise eligible but is totally and permanently disabled as defined in the Social Security Act (Section 208(a)(3), Pub. L. 95-250, 92 Stat. 179).

(d) *Repayment agreement requirement.* An affected employee (other than a short-service employee) or a retired employee must, as a condition of receiving a severance payment, sign a repayment agreement pledging to return a severance payment if said affected employee or retired employee resumes employment with an affected employer or resumes employment in the industry within Humboldt, Del Norte, Trinity, Mendicino, or Siskiyou Counties in California prior to October 1, 1980, or such later date as established by the Secretary (Section 208(e), Pub. L. 95-250, 92 Stat. 180).

(e) *Repayment agreement liability.* An affected employee or a retired employee who signs a repayment agreement shall be liable for repayment of a severance payment if the individual returns to work in the industry prior to September 30, 1980 (or such later date as the Secretary determines but in no case later than September 30, 1984). All earnings received by an individual who has returned to the industry prior to September 30, 1980 (or as extended) shall be subject to a repayment deduction.

(f) *Arrangements for repayment.* The repayment agreement shall include the employee's agreement to arrange with his/her employer for the withholding of the applicable amounts from the employee's pay and/or shall further include authorization for the Secretary to make such arrangements with the employer.

(g) *Repayment amounts.* Repayment amounts shall be in weekly installments equal to a specified percentage of the employee's earnings in the industry which shall not exceed the amounts specified in the Consumer Credit Protection Act, as amended. Repayment shall continue until the full amount of overpayment is recovered.

§ 92.25 Retraining (Section 210, Public Law 95-250, 92 Stat. 181).

(a) *EDD approval.* The EDD shall approve technical and professional and other types of training for an affected employee (including a short-service employee) until September 30, 1984, provided:

(1) There is no suitable work available within a reasonable commuting area; and

(2) There is substantial reason to believe that successful completion of training will enhance the affected employee's employment prospects; and

(3) The affected employee makes application and can complete the training during the employee's period of protection. However, a short-service employee must make application during the period which begins on the date of his/her total layoff or on the date of the availability of approved retraining (whichever is later) and extends for that period of time which is equal to the length of his/her creditable service. In no instance shall authorized training for any employee extend beyond September 30, 1984.

(b) *Training criteria.* The EDD shall determine the applicant's ability to successfully complete such training, the appropriateness of the length of training, the hours of attendance, and whether the training facility and the trainee are engaged in training in good faith. Training costs as well as the weekly layoff benefits or vacation replacement benefits which the trainee would otherwise be eligible to receive, will be paid for the duration of approved training as long as the training facility determines good faith is being observed. If good faith is not observed, the EDD shall take appropriate corrective action. The criteria for determining good faith are adherence to scheduled hours of attendance and satisfactory progress as normally measured for the type of training being received. The criteria to be used in determining suitable length and hours of training are:

(1) The training is of suitable duration to achieve the desired skill or knowledge level; and

(2) The scheduled hours of attendance are in accordance with the prevailing practices of other like training available in the commuting area.

(c) *No cost training and purchased training.* In determining whether training to be secured for an affected employee shall be no cost training or purchased training, the EDD shall consider, as the primary objective, increasing the affected employee's employability so as to enhance the opportunities for the affected employee to return to full employment.

(1) The EDD shall, as far as possible, refer an affected employee to retraining which is provided at no cost. This training may be provided under the Comprehensive Employment and Training Act of 1973, as amended, as offered by a prime sponsor or under any other Federal or State law.

(2) The EDD may purchase training to assist the affected employee's return to full employment. This training may be institutional training or on-the-job training. If institutional, vocational, or professional training is purchased, the training institution must be approved as meeting applicable standards by the appropriate State educational agency, or by a recognized accreditation association.

§ 92.26 Job search allowance (Section 211, Public Law 95-250, 92 Stat. 181).

(a) *EDD approval.* The EDD shall approve a job search allowance for an eligible affected employee (including a short-service employee) to assist the employee to obtain a job within the United States. To be eligible, an affected employee must:

(1) Be totally laid off from employment with an affected employer;

(2) File an application for a job search allowance within the later of: (i) The employee's period of protection, or (for a short-service employee, an application must be filed during the period which begins on the date of his/her total layoff and extends for that period of time which is equal to the length of his/her creditable service) (ii) within six months of the successful completion of approved retraining.

(3) Be registered with the State Job Service in the area in which the affected employee is residing;

(4) Have no reasonable expectation of obtaining suitable work in the commuting area;

(5) Have received a bona fide referral to suitable work or have been referred by a State Job Service to suitable work outside the commuting area or have a reasonable expectation of obtaining suitable work of a long term duration in the area where the job search will be conducted; and

(6) Complete the job search within a reasonable period not exceeding 30 calendar days, after the day on which the job search began.

(b) *Job search completion.* A job search shall be deemed complete when the individual has either secured employment or has contacted each employer to whom referred by the State Job Service in connection with a job search.

(c) *Verification of employer contacts.* The Job Service in the State in which the affected employee resides shall verify employer contacts certified by the affected employee.

(d) *Entitlement to reimbursement.* An affected employee who has incurred expenses as a result of any job search undertaken from the period beginning May 31, 1977 and ending October 2, 1980 shall be entitled to reimbursement of authorized expenses, provided the employee furnishes adequate evidence to support his/her claims for expenses and provided further, that the employee furnishes adequate evidence to the EDD that the job search was undertaken as required by paragraphs (a)(4) and (a)(5) of this section and has completed the job search as required by paragraph (a)(6) of this section.

§ 92.27 Job relocation allowance (Section 212, Public Law 95-250, 92 Stat. 181).

(a) *EDD approval.* The EDD shall approve a job relocation allowance for an eligible affected employee (including a short-service employee) who obtains employment outside the commuting area, to meet the reasonable and necessary travel expenses incurred in obtaining a residence and in transporting self, family, household, and personal effects to the new residence in the area of relocation. A job relocation allowance shall not be paid for more than one relocation nor shall it be paid to more than one member of a family in the same household for the same relocation.

A job relocation allowance shall be paid to an eligible affected employee only for said employee's first relocation from the impacted area.

(b) *Relocation on or prior to October 2, 1980.* For an affected employee (including a short-service employee) who relocated on or before June 30, 1979 to be eligible, the employee must:

(1) File an application for a job relocation allowance during the employee's period of protection; provided, that a short-service employee must file an application during the period which begins on the date of his/her total layoff (whichever is later), and extends to the end of that period of time which is equal to the length of his/her creditable service;

(2) Have relocated during the period beginning May 31, 1977 and ending October 2, 1980, to accept employment requiring a change in residence to a location outside the commuting area in which the employee resided immediately prior to becoming an affected employee.

(c) *Relocation after October 2, 1980.* For an affected employee (including a short-service employee) who relocated after October 2, 1980 to be eligible, the employee must:

(1) File an application as described in paragraph (b)(1) above;

(2) Be registered with the State Job Service in the area in which the affected employee is residing;

(3) Have no reasonable expectation of obtaining suitable work in the commuting area;

(4) Have obtained suitable work affording reasonable expectation of long-term duration, or a bona fide offer of such work, in the area in which the affected employee wishes to relocate.

(d) *Reimbursable expenses.* An affected employee shall be eligible to reimbursement for:

(1) Expenses incurred in moving household and personal effects;

(2) Traveling and living expenses in moving self and any family members from the same household, not to exceed 10 working days;

(3) Traveling and living expenses for self and spouse not to exceed 10 days which need not be consecutive days to obtain a residence;

(4) Any loss or cost incurred by the affected employee in the sale of a home for less than the fair market value or any loss or cost in securing the cancellation of an unexpired lease on a dwelling occupied by the affected employee as a home.

Subpart D—Amount and Calculations of Benefits

§ 92.30 Weekly layoff benefit, vacation replacement benefit, and/or severance payment.

The EDD shall determine the amount of an affected employee's weekly layoff benefit, vacation replacement benefit, and/or severance payment in accordance with the methods for calculation set forth in Sections 207, 208, and 209 of the Act and in the procedures and guidelines issued by the Assistant Secretaries for Labor-Management Relations and Employment and Training.

§ 92.31 Job search allowance (19 U.S.C. 2297).

(a) *Travel by commercial carrier.* For travel by commercial carrier, an affected employee shall receive 80% of the cost of transportation by the most economical and practical public transportation from the employee's regular place of residence to the area in which the job search will be conducted and return.

(b) *Travel by privately owned car.* For travel by privately owned automobile, an affected employee shall receive a travel allowance of 9.6 cents per mile, for the mileage of the usually traveled route from and to the affected employee's regular place of residence to the area in which the job search will be conducted, and for the mileage covered during the actual job search activities within the designated area.

(c) *Lodging costs.* In connection with an authorized job search, an affected employee shall receive 80% of the costs of lodging, not exceeding $12.00 per night, and 80% of the costs of meals, not exceeding $5.00 per day. Lodging costs must be verified by receipt.

(d) *Maximum amount.* The maximum amount of job search allowance payable to an affected employee shall not exceed $500.

(e) *Advance payment.* The EDD shall advance upon request by an affected employee within 5 days prior to commencement of a job search, 60% of the estimated job search allowance, but not exceeding $300. Such advance shall be deducted from any payments made under this part.

(f) *Overpayment.* If it is found that an affected employee failed without good cause to complete a job search, any job search allowance paid or advanced to the affected employee under this section shall constitute an overpayment. Any overpayment shall be recovered from the affected employee by repayment in cash or by deduction from benefits due the affected employee under the Act as provided in § 92.34.

§ 92.32 Job relocation allowance (Public Law 93-236).

(a) *Travel allowance.* Travel expenses, for a period not to exceed 10 days (which need not be consecutive days), for an affected employee and spouse but not dependent children or other family members shall be reimbursed for a round trip to obtain a residence at the new work location. Travel expenses for an affected employee, spouse, and dependent children shall be reimbursed for a one-way trip in connection with moving.

(1) Reimbursement shall be made for travel by commercial carrier, provided that the most economical public transportation means available is used in view of the circumstances.

(2) Reimbursement shall be made for travel by each privately owned automobile at the rate of 15 cents per mile for the usually traveled route, for necessary bridge and highway tolls, and for parking fees.

(3) If for good cause a member or members of an affected employee's family must travel separately, the affected employee shall be reimbursed for the travel of such family member(s) in accordance with paragraphs (a) (1) and (2) of this section and lodging and living expenses in accordance with paragraphs (b) (1) and (2) of this section.

(b) *Lodging and living expenses.* An affected employee and family members shall be reimbursed for lodging and living expenses incurred while in transit from the old residence to the new residence, including the day of departure and the day of arrival, not to exceed 10 days, except that if the new residence is not ready for occupancy upon arrival, additional living expenses may be reimbursed up to 10 days. Living expenses for an affected employee and spouse shall be reimbursed, for a period not to exceed 10 days which need not be consecutive days.

(1) Lodging shall be reimbursed at actual cost. Rooms must be occupied when feasible so that double room rates will apply. Moderately priced hotels and motels shall be used.

(2) Meals and related gratuities shall be reimbursed at actual cost to a maximum of $16.00 per person per day for the affected employee, spouse, and children. Gratuities for meals must be included in the cost of the meals.

(c) *Moving allowance.* The cost of transporting household effects and other personal effects of the affected employee and family members shall be reimbursed when transported by licensed commercial carrier and/or by use of rental truck or trailer.

(1) Reimbursement shall be made for packing, insuring, shipping, and unpacking of standard household items and personal effects. Insurance shall be provided for a valuation of $1.50 per pound; additional insurance for exceptionally valuable items may be obtained by the employee; however, the cost of such additional insurance shall not be reimbursed. Reasonable expenses for storage of household effects and personal property at the new location shall be paid when necessary because the residence at the new location is not ready for occupancy upon arrival.

(2) For each affected employee, reimbursement shall be made for transporting as many as two automobiles, by commercial carrier, provided that the low blue book value of each automobile exceeds the cost of shipment. Automobiles eligible to be shipped must be owned by the employee, the employee's spouse, or a dependent child of the employee. Insurance up to the low blue book value of the automobile shipped shall be reimbursed.

(3) Expenses for the shipment, including insurance, of other personal non-business property such as boats, trailers, camping equipment, and mobile homes shall be reimbursed provided that the property shipped was owned by the employee or the employee's spouse prior to the offer of employment at the new location and provided further that shipping costs, including insurance, do not exceed the fair market value of the property shipped. Storage charges for such property shall not be reimbursed.

(4) Reasonable expenses for disconnecting at the former residence and reconnecting at the new residence shall be reimbursed for the following items, provided they are owned by the affected employee or spouse prior to the offer of employment at the new location: mobile home and major appliances (such as ranges, washers, dryers, dishwashers, refrigerators, freezers, television sets, and television antennae). Expenses for installation of a 220 volt power line at the new location shall not be reimbursed.

(5) Reasonable service charges by utility companies, including installation charges for telephone service, shall be reimbursed. Refundable deposits or advance billing for telephone service shall not be reimbursed.

(6) Reasonable expenses for the common carrier transportation of pets, including feeding, shall be reimbursed when such transportation is necessary.

(7) Reimbursement shall be made for actual rental fee, mileage charges, and gas for rental truck or trailer used to move the household and personal effects subject to following conditions:

(i) The time limit allowable for rental fees for a truck or trailer may not exceed 10 days; and

(ii) Expenses detailed in paragraph (c)(1), (c)(3), (c)(4), and (c)(5) of this section shall be reimbursed, where applicable.

(d) *Advance payment.* Advances shall be granted for moving expenses, living expenses, and travel expenses based on estimates the affected employee obtains from common carriers or from a truck leasing agency. The amount advanced may not exceed 80% of the estimated total cost.

(e) *Relocation on or prior to October 2, 1980.* An affected employee who relocated during the period beginning May 31, 1977 and ending on October 2, 1980, shall furnish to the EDD within 90 days following October 2, 1980 the appropriate documentation supporting a claim for a job relocation allowance and a notarized affidavit that the listed expenses and amounts claimed are correct to the best of his/her knowledge.

(f) *Relocation after October 2, 1980.* An affected employee who relocates after October 2, 1980 the effective date of these regulations must submit receipts or invoices and mileage costs to the EDD within 90 days after completion of the relocation.

(g) *Reimbursement for losses or cost.* In connection with a job relocation, if an affected employee relocates after June 30, 1979, and incurs costs or a loss in the sale of a home or the cancellation of an unexpired lease, a statement describing same and requesting reimbursement shall be submitted to the EDD field office where the request for the job relocation was originally filed within 90 days after October 2, 1980. If an affected employee relocated during the period beginning May 31, 1977 and ending on October 2, 1980 the effective date of these regulations, the statement must be submitted to the appropriate EDD field office within 90 days following October 2, 1980. To obtain reimbursement for a loss on the sale of a home, an affected employee must:

(1) Offer the home for sale in the customary manner, at or near the fair market value for a reasonable period of time, and

(2) Furnish EDD with the following information and documents on the residence sold:

(i) Location, including street address, city or town, county, and state;

(ii) Name of the buyer or buyers;

(iii) Date of sale;

(iv) Copy of the closing statement, verifying the selling price;

(v) Fair market value of the house six months before the date of sale based on the average of two appraisals by licensed residential real estate appraisers (three if the appraisals vary by more than five percent);

(vi) Copies of appraisals and receipts or cancelled checks in payment; and

(vii) Amount to be reimbursed (loss on the sale plus the cost of the appraisals).

(3) A protected employee may elect to waive the reimbursement of loss on sale of home and to receive, in lieu thereof, an amount equal to his closing costs which are ordinarily paid for and assumed by a seller of real estate in the jurisdiction in which the residence is located. Such costs shall include a real estate commission paid to a licensed realtor (not to exceed $3,000 or 6 per centum of sale price, whichever is less), and any prepayment penalty required by the institution holding the mortgage; such costs shall not include the payment of any "points" by the seller.

(4) To obtain reimbursement for costs incurred in cancelling a lease of an apartment or a principal residence, an affected employee must submit the following information and documents:

(i) Location, including street address, city or town, and state;

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(ii) Date leased premises were vacated;

(iii) Name, address, and telephone number of the party who was advised that the leased premises would be vacated and whether the party advised was the owner or the leasing agent;

(iv) The cancelled check or receipt for payment of a cancellation charge;

(v) The landlord's statement discharging the affected employee from the obligations of a tenant under the lease; and

(vi) The affected employee's lease.

(h) *Challenge on claims for loss or costs.* Should the EDD challenge the value of the home, the costs or loss sustained in its sale, the costs or loss under a contract for purchase, loss or cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through joint conference between the employee or his representative; a representative of the EDD, and a representative of the U.S. Department of Labor. In the event they are unable to agree, the dispute or controversy may be referred by either party to a board of competent real estate appraisers, selected in the following manner: One to be selected by the employee or his representative and one by the U.S. Department of Labor and these two, if unable to agree upon a valuation within 30 days, shall endeavor by agreement within 10 days thereafter to select a third appraiser, or to agree to a method by which a third appraiser shall be selected, and failing such agreement, either party may request the California Board of Realtors to designate within 10 days a third qualified real estate appraiser whose designation will be binding upon the parties. A decision of the majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

(1) The EDD will be guided in its decision to challenge a loss by the following considerations:

(i) Length of time the home was offered for sale at or near the fair market value;

(ii) Length of time homes of reasonably comparable value and type were on the market prior to sale; and

(iii) The total amount of the loss claimed relative to other claims for loss submitted to the EDD.

(iv) *Overpayment.* If it is found that an affected employee failed without good cause to complete a job relocation, any amount of relocation allowance paid or advanced to the affected employee under this section shall constitute an overpayment. Any overpayment recovered from the affected employee shall be by repayment in cash or by deduction from benefits due the affected employee under the Act or by any other authorized legal action.

§ 92.33 Overpayment—general.

If the EDD, a referee, the Assistant Secretary, or a court of competent jurisdiction finds that an individual has received benefits to which the individual was not entitled under the Act then the individual shall be liable to repay the total sum to which the individual was not entitled.

§ 92.34 Recovery of overpayments.

(a) The EDD shall take all reasonable measures under State or Federal law to recover for the account of the United States the sum of the payment to which the individual was not entitled in accordance with the provisions of § 92.33.

(b) When recovery is undertaken the EDD shall recover, insofar as is possible, the amount of any overpayment which is not repaid by the individual, by: deductions from any benefits or allowances payable to the individual under the Act; from any compensation payable to the individual under any Federal unemployment compensation law administered by the EDD; or under any other federal law administered by the SESA of any other state, or, by the EDD which provides for the payment of any assistance or allowance with respect to any week of unemployment. The amount of this deduction shall not exceed the amount which might be withheld if the Consumer Credit Protection Act were applicable.

§ 92.35 Final decision.

Recovery of any overpayment of benefits shall not be required or enforced until the determination establishing the overpayment has been approved by the Assistant Secretary.

Subpart E—Preferential Hiring

AUTHORITY: Sec. 103, Pub. L. 95-250, 92 Stat. 167.

§ 92.40 Full consideration obligation.

(a) *Types of jobs.* Any employer specified in § 92.40(b) who is filling a job vacancy located primarily in Humboldt, Del Norte or an adjoining California county must give full consideration for employment in that job vacancy to affected employees if:

(1) The job involves skills and training that could reasonably be expected to have been gained by individuals who have been employed as logging and related woods employees or sawmill, plywood, and wood processing employees, or office employees, or that can reasonably be expected to be gained while so employed; or

(2) The applicant has the ability, or can reasonably be expected to have the ability after appropriate training of reasonable duration to perform the duties of the job.

(b) *Types of employers.* It shall be an obligation of any employer designated in this section to give full consideration to affected employee applicants for a job vacancy as described in (a) above if the employer is:

(1) A federal agency;

(2) A private employer designated by a federal agency as receiving federal funding assistance in any form or receiving the right after March 27, 1978 to use federal property in the conduct of harvesting and related activities, or replanting and land rehabilitation, or the conduct of wood processing and related activities or the conduct of highway construction and related activities;

(3) An affected or industry employer who has entered into an agreement with the EDD or other State Job Services to give full consideration to affected employees; or

(4) The State of California government, or a county and local governent within Humboldt and Del Norte Counties in California which has agreed to cooperate with the EDD in giving full consideration to affected employees when filling government job vacancies.

(c) *Selection.* An employer specified in § 92.40(b) shall have met the obligation to provide full consideration to affected employee applicants if the employer has used its normal employment standards to evaluate the applicant's qualifications for the position to be filled, and

(1) Selected a qualified affected employee applicant over non-affected employee applicants,

(2) Selected from among qualified affected employee applicants the applicant with the greatest creditable service where the qualifications of the applicants are approximately equal, or

(3) Held the full consideration job vacancy open for a non-qualified affected employee applicant who can be expected to qualify for the job after undergoing training approved by EDD.

(d) *Listing.* Any employer specified in § 92.40(b) who is filling a job described in § 92.40(a) shall provide notice of such job vacancy and the job requirements through the offices of the EDD in Humboldt and Del Norte Counties, California.

§ 92.41 Employee full consideration obligation.

(a) *Employee application requirements.* Any affected employee desiring to apply for a full consideration job vacancy must:

(1) Advise an EDD office of the full consideration position for which he/she wishes to be considered, and

(2) Demonstrate that the full consideration job vacancy involves skills and training which he/she could reasonably be expected to have gained in his/her affected employment, or

(3) If not already in possession of the requisite skill, demonstrate that he/she can reasonably be expected to have the ability to perform the job after appropriate training of reasonable duration.

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§ 92.42 EDD full consideration responsibility.

(a) *Lists.* The EDD shall maintain lists of full consideration job vacancies as reported by Federal agencies; affected industry and other private employers; and the State of California, and its county and local governments in Humboldt, Del Norte and adjacent California counties.

(b) *Training.* An applicant for a full consideration job vacancy shall, if appropriate, be provided with training if the period of work following training is commensurate with the time and funds required to provide the necessary training. Full consideration of an applicant shall not be required when the EDD has determined that the period of work following training is not commensurate with the training time and funds.

(c) *Referral.* Where two or more affected employee applicants for a full consideration job vacancy have approximately equal qualifications the EDD shall give preference in referral and listing to the applicant with the greatest creditable service.

§ 92.43 Violations of full consideration obligations.

(a) *Right of appeal.* Any affected employee who alleges that his/her rights to full consideration have been disregarded may file a complaint with any office of the EDD which shall forward the complaint to the national office of the LMSA for processing. Where noncompliance with the full consideration obligation is determined, the U.S. Department of Labor shall take appropriate corrective action.

§ 92.44 Judicial review.

Determinations under this section shall be subject to Judicial Review under the same conditions as provided in § 92.50(t).

§ 92.45 Preexisting rights.

Nothing in this subpart shall be construed to affect any additional or alternative rights under law, contract or regulation in effect as of March 27, 1978.

§ 92.46 Period of preferential hiring.

The requirement for full consideration as contained in this subpart, shall remain in effect from March 27, 1978 through September 30, 1984.

Subpart F—Appeal Procedure

AUTHORITY: Sec. 213(d)(2), Pub. L. 95-250, 92 Stat. 182.

§ 92.50 Administration.

(a) *Parties.* The parties to a proceeding on an application for benefits are:

(1) The applicant;

(2) The EDD;

(3) Other SESA's if involved; and, in addition;

(4) Any other individual or organization who is or may be adversely affected by grant or denial of an application for benefits may request leave to participate as an intervening party with respect to the application for REPP benefits in proceedings before an administrative law judge, or before the Assistant Secretary. Leave to intervene shall be granted on such terms and conditions as are deemed appropriate by the administrative law judge or the assistant secretary.

(b) *Parties may appeal.* Any party to a proceeding on an application for benefits may appeal the determination or redetermination.

(c) *Reconsideration of determination.* The EDD may reconsider a determination on an application for benefits under the same conditions and subject to the same time limits as apply to reconsideration or determinations of entitlement to unemployment insurance under the California Unemployment Insurance Code and California Unemployment Insurance Appeals Board regulations under Title 22 of the California Administrative Code.

(d) *Notice of determination.* Each party to a proceeding on an application for benefits shall be given written notice of the determination or reconsidered determination by EDD.

(e) *Notice of appeal rights.* All parties shall receive notice of each determination, reconsidered determination, or decision on an application for benefits. The notice shall advise each applicant of his/her right to appeal or to request reconsideration of the determination or decision. Such notice shall include the manner in which the appeal or request for reconsideration should be made, and the time period for making such appeal or request for reconsideration.

(f) *Appeal from determination.* A party aggrieved by or dissatisfied with a determination or reconsidered determination on an application for REPP benefits may appeal to an Administrative Law Judge (ALJ) of the California Unemployment Insurance Appeals Board.

(g) *Contents of appeal to ALJ.* An appeal to an ALJ under paragraph (f) of this Section must:

(1) Be mailed to or filed at the EDD field office where the application was initially filed within 20 days after notice of such determination or reconsidered determination was mailed or personally served on the party;

(2) Be in writing;

(3) Identify or include a copy of the determination or reconsidered determination;

(4) State that the party desires to appeal to an administrative law judge;

(5) Contain a statement of the reason(s) why the appealing party believes that an error has occurred; and

(6) Be signed by the appealing party or an authorized representative.

Notwithstanding the requirements in (g)(5) of this section, any written document indicating that a party is aggrieved by or dissatisfied with a determination or reconsidered determination on an application for REPP benefits which is received by the EDD field office where the application was initially filed within 20 days after notice of such determination was personally served or mailed to the party shall be accepted as a valid notice of appeal; provided, that the ALJ may require the appealing party, prior to the hearing on his/her appeal, to submit a written statement of the reason(s) why the appealing party believes that an error has occurred.

(h) *Notice of hearing before ALJ.* Upon the filing of an appeal, a hearing shall be promptly scheduled and a notice of the hearing shall be mailed to each party.

(i) *Rules of evidence.* (1) The technical rules of evidence shall not apply. Any evidence may be received at any stage of the appeal; an ALJ or the Assistant Secretary may exclude any evidence or offer of proof which is immaterial, irrelevant, unduly repetitious, or customarily privileged.

(2) A party shall have the right to present its case by oral and documentary evidence and to submit rebuttal evidence.

(j) *Hearing before an ALJ.* The ALJ shall have jurisdiction to decide all relevant issues with respect to an applicant's entitlement to REPP benefits without regard to whether such issues were set out in the appeal. The ALJ may issue subpoenas to obtain the appearance of witnesses or the presentation of documents and exhibits on the same terms and conditions as apply with respect to the issuance of subpoenas in unemployment insurance benefit appeal hearings under the California Unemployment Insurance Code.

(k) *Notice of an ALJ's decision.* Notice of an ALJ's decision on an appeal of an application for REPP benefits shall be sent to each party. In addition, a copy shall be sent to the LMSA national office. Each party shall be notified of his/her right of appeal and shall be notified within 30 days whether the Assistant Secretary has determined to review the case on his/her own motion.

(l) *Appeal from an ALJ's decision.* A party aggrieved by or dissatisfied with an ALJ's decision on an application for REPP benefits may appeal such decision to the Assistant Secretary.

(m) *Appeal to Assistant Secretary.* An appeal to the Assistant Secretary must:

(1) Be addressed to the Assistant Secretary of Labor for Labor-Management Relations, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20216; and delivered or mailed to the Assistant Secretary within 20 days after the day on which notice of the ALJ's decision was handed or mailed to such party;

(2) Be in writing;

(3) Identify or include a copy of the Administrative Law Judge's decision appealed from;

(4) State that the party desires to appeal from the decision;

(5) Contain a statement of the reason(s) why the appealing party believes that an error has occurred; and

(6) Be signed by the appealing party or an authorized representative.

Notwithstanding the requirement in (m)(5) of this section, the Assistant Secretary shall accept as a valid appeal any written document indicating that a party is aggrieved by or dissatisfied with a decision of an Administrative Law Judge on an application for REPP benefits if such document is received by the Assistant Secretary within 20 days after notice of such decision was handed or mailed to such party; provided, that the Assistant Secretary may require the appealing party to submit a written statement of the reason(s) why the appealing party believes that an error has occurred.

(n) *Briefs.* Briefs are not required unless specifically requested by the Assistant Secretary. However, they are welcome and will be considered carefully. Any party may file a brief or written argument in response to a brief or other written argument filed by another party not later than 30 days after such brief or written argument is filed. Briefs or written arguments can not exceed 25 pages unless permission to file a lengthier document is obtained from the Assistant Secretary.

(o) *Service.* A party filing a brief is required to furnish each party with a copy. For purposes of service to the EDD, a copy of the brief must be sent to:

Legal Office, MIC 53, California Employment Development Department, 800 Capital Mall, Sacramento, California 95814.

(p) *Delegation of authority.* The Assistant Secretary may delegate to any employee of the United States Department of Labor the function of reviewing an appeal and preparing a recommended decision with respect thereto, but no employee of the United States Department of Labor who personally participated in any way in any proceedings with respect to an application for benefits will be assigned to prepare a recommended decision on such application for benefits.

(q) *Transmittal of record and transcript.* On receipt of a notice from the Assistant Secretary or his/her designee that an appeal from an Administrative Law Judge's decision with respect to an application for REPP benefits has been filed, or the Assistant Secretary has decided to review the decision, the Office of Appeals of the ALJ hearing the matter shall promptly transmit to the Assistant Secretary or his/her designee a complete record of the proceedings before the ALJ, including all exhibits and documents received or tendered in such proceedings, and a complete copy of the administrative file as to the application for benefits. Upon request from the Assistant Secretary, the CUIAB shall promptly transmit an official transcript of the proceedings to the Assistant Secretary.

(r) *Processing of appeal.* The Assistant Secretary shall review the file with respect to the application for REPP benefits in issue to ascertain whether substantial error adversely affecting the rights of a party has occurred, regardless of whether such error is alleged by an appealing party.

(s) *Decision of Assistant Secretary.* The Assistant Secretary may affirm, reverse, or modify in whole or in part the decision of an ALJ as to an application for REPP benefits, or may remand the case to an ALJ for further proceedings. Notice of an Assistant Secretary's decision shall be forwarded to all parties.

(t) *Judicial review.* A party aggrieved by or dissatisfied with a decision of the Assistant Secretary has 60 days after notice of such decision to file for judicial review in the same manner and under the same conditions as provided by Section 250 of the Trade Act of 1974 which provides:

(1) A worker, group of workers, certified or recognized union, or an authorized representative of such worker or group aggrieved by a final determination by the Secretary may, within 60 days after notice of such determination, file a petition for review of such determination with the United States court of appeals for the circuit in which such worker or group is located or in the United States Court of Appeals for the District of Columbia Cir-

cuit. The clerk of such court shall send a copy of such petition to the Secretary. Upon receiving such petition, the Secretary shall promptly certify and file in such court the record on which he based such determination.

(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in Section 1254 of Title 28, United States Code.

(u) *Late appeals.* An appeal to an ALJ under paragraph (f) of this section or an appeal to the Assistant Secretary under paragraph (l) of this section which is not filed within the time for appeal stated in those paragraphs will be dismissed as untimely unless the ALJ or the Assistant Secretary finds that the appealing party has shown good cause for failure to file the appeal within the proper time. The party who fails to appear at a hearing on an appeal may apply to the ALJ within 20 days of said hearing (or longer if the ALJ determines this delay in applying is for good cause) to have the hearing reopened. Such application will be granted if the ALJ finds that the party had good cause for failure to appear.

(w) *Payment of benefits in case of appeal.* (1) Weekly layoff benefits and vacation replacement benefits awarded by a determination, reconsidered determination, or ALJ's decision shall be promptly paid for each week of total or partial unemployment occurring after the date on which the applicant's initial application for benefits was filed, notwithstanding the non-expiration of the period for appeal, or the pendency of an appeal, from such determination, reconsidered determination, or a decision. Weekly layoff benefits and vacation replacement benefits, or other benefits awarded by a determination, reconsidered determination, or decision for a week or weeks of total or partial unemployment occurring prior to the date on which the applicant's initial application for benefits was filed, shall not be paid until the determination, reconsidered determination, or decision awarding them becomes final.

(2) In all cases, a severance payment awarded by a decision of an ALJ or the Assistant Secretary shall not be paid until the decision awarding such payment becomes final.

PART 96—AUDIT REQUIREMENTS FOR GRANTS, CONTRACTS AND OTHER AGREEMENTS

Sec.

96.0 Purpose and scope of part.

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Subpart 96.5—[Reserved]

Subpart 96.6—[Reserved]

Appendix A to Part 96—Office of Management and Budget Circular No. A-128—Uniform Audit Requirements for State and Local Governments.

Appendix B to Part 96—Attachment F to Office of Management and Budget Circular No. A-110—Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations.

AUTHORITY: 31 U.S.C. 7500 *et seq.*, OMB Circular No. A-128 and OMB Circular No. A-110.

SOURCE: 50 FR 32051, Aug. 8, 1985, unless otherwise noted.

§ 96.0 Purpose and scope of part.

The regulations in this part implement Office of Management and Budget (OMB) Circular A-128, "Uniform Audit Requirements for State and Local Governments," Attachment F of OMB Circular A-110, "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations," and also consolidates the audit requirements contained throughout the DOL regulations. This part applies to all grants and contracts and other Federal assistance provided by or on behalf of the DOL.

Subpart 96.1—Audits of State and Local Governments and Indian Tribes

§ 96.101 Purpose and scope of subpart.

The Single Audit Act of 1984 (Act), Pub. L. 98-502 builds upon earlier efforts to improve audits of Federal aid programs. The Act requires State and local governments and Indian tribes that receive Federal assistance equal to or in excess of $100,000 a year to have an audit made annually, or under certain circumstances, biennially. Governmental units receiving between $25,000 and $100,000 annually may follow either the audit requirements of the Act or those contained in the Federal statutes and regulations under which such Federal assistance is provided. OMB Circular A-128 was issued pursuant to section 7505 of the Act, which requires the Director of the Office of Management and Budget to issue implementing guidelines. It specifies that the guidelines include procedures for the assignment of cognizant Federal agencies, criteria for determining the appropriate charges to Federal programs for the cost of audits and procedures to assure that small business concerns and business concerns owned and controlled by socially and economically disadvantaged individuals have the opportunity to participate in contracts awarded to fulfill the single audit requirements. This subpart implements the guidance provided in Circular A-128 by establishing uniform audit requirements and policy for State and local governments and Indian tribes that receive Federal assistance from DOL.

§ 96.102 Audit requirements.

The audit requirements contained in OMB Circular A-128, attached as Appendix A of this part, shall be followed for audits of all fiscal years beginning after December 31, 1984. For audits of fiscal years beginning on or before December 31, 1984, organizations covered by this subpart have the option of following the requirements of OMB Circular A-128, or those contained in 41 CFR 29-70.217.

Subpart 96.2—Audits of Colleges and Universities, Hospitals and Other Nonprofit Organizations

§ 96.201 Purpose and scope of subpart.

OMB Circular A-110, Attachment F, "Standards for Financial Management Systems," provides that the organization-wide audit is the preferred form of audit coverage for colleges and universities, hospitals, and other nonprofit organizations. This subpart implements the guidance provided in Attachment F of OMB Circular A-110 by establishing uniform audit requirements for colleges and universities, hospitals, and other nonprofit organizations that receive Federal assistance from DOL equal to or in excess of $25,000 in any one fiscal year.

§ 96.202 Audit requirements.

The audit requirement contained in OMB Circular A-110, Attachment F, attached as Appendix B of this part, shall be followed for audits of all fiscal years beginning on or after August 8, 1985. The audit requirement contained in 41 CFR 29-70.217a shall be followed for audits of fiscal years beginning before August 8, 1985. Organizations covered by this subpart are responsible for arranging for independent audits that meet the requirements of this section. Such audits should be made annually, but must be made at least biennially. Audits conducted biennially under the provisions of this subpart shall cover both years within the biennial period. OMB Circular A-128 provides detailed guidance on the conduct of organization-wide audits. Colleges and universities, hospitals, and other nonprofit organizations are required to follow this guidance in the conduct of audits made pursuant to this subpart.

Subpart 96.3—Audits of Entities Not Covered by Either Subpart 96.1 or Subpart 96.2

§ 96.301 Purpose and scope of subpart.

This subpart prescribes the requirement for audit of grantees, contractors, subgrantees, and subcontractors that receive funds from DOL and are not covered by either Subpart 96.1 or Subpart 96.2.

§ 96.302 Audit requirement.

The Secretary of Labor is responsible for the survey, audit or examination of grantees/contractors and their subgrantees and subcontractors covered by this subpart. Such surveys, audits, or examinations shall be conducted at the Secretary's discretion.

Subpart 96.4—Access to Records, Audit Standards and Relation of Organization-wide Audits to Other Audit Requirements

§ 96.401 Access to records.

The Secretary, the DOL Inspector General, the Comptroller General of the United States, or any of their duly authorized representatives (including certified public accountants under contract), shall have access to any books, documents, papers, and records (manual and automated) of the entity receiving funds from the DOL and its subgrantees/subcontractors for the purpose of making surveys, audits, examinations, excerpts, and transcripts.

§ 96.402 Audit standards.

Surveys, audits and examinations will conform to the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the Comptroller General of the United States, and guides issued by the Secretary. For purposes of meeting audit requirements under Subparts 96.1, 96.2 and 96.3, only the standards for financial and compliance audits need apply.

§ 96.403 Relation of organization-wide audits to other audit requirements.

To the extent that audits conducted in accordance with Subpart 96.1 or Subpart 96.2 provide DOL officials with the information needed to carry out their responsibilities under Federal law or DOL regulations, the Secretary shall rely upon and use the information. Additional audit efforts are not precluded, but such efforts must build upon the organization-wide audit and not duplicate it. The provisions of Subparts 96.1, 96.2 and 96.3 do not authorize a covered entity, after having complied with those requirements, to constrain, in any manner, the Secretary from carrying out additional surveys, audits or examinations as deemed necessary.

Subpart 96.5 [Reserved]

Subpart 96.6 [Reserved]

APPENDIX A TO PART 96—OFFICE OF MANAGEMENT AND BUDGET CIRCULAR NO. A-128—UNIFORM AUDIT REQUIREMENTS FOR STATE AND LOCAL GOVERNMENTS

EXECUTIVE OFFICE OF THE PRESIDENT

Office of Management and Budget

CIRCULAR NO. A-128

April 12, 1985

To the Heads of Executive Departments and Establishments.
Subject: Audits of State and Local Governments.

1. *Purpose.* This Circular is issued pursuant to the Single Audit Act of 1984, Pub. L. 98-502. It establishes audit requirements for State and local governments that receive Federal aid, and defines Federal responsibilities for implementing and monitoring those requirements.

2. *Supersession.* The Circular supersedes Attachment P, "Audit Requirements," of Circular A-102, "Uniform requirements for grants to State and local governments."

3. *Background.* The Single Audit Act builds upon earlier efforts to improve audits of Federal aid programs. The Act requires State or local governments that receive $100,000 or more a year in Federal funds to have an audit made for that year. Section 7505 of the Act requires the Director of the Office of Management and Budget to prescribe policies, procedures and guidelines to implement the Act. It specifies that the Director shall designate "cognizant" Federal agencies, determine criteria for making appropriate charges to Federal programs for the cost of audits, and provide procedures to assure that small firms or firms owned and controlled by disadvantaged individuals have the opportunity to participate in contracts for single audits.

4. *Policy.* The Single Audit Act requires the following:

a. State or local governments that receive $100,000 or more a year in Federal financial assistance shall have an audit made in accordance with this Circular.

b. State or local governments that receive between $25,000 and $100,000 a year shall have an audit made in accordance with this Circular, or in accordance with Federal laws and regulations governing the programs they participate in.

c. State or local governments that receive less than $25,000 a year shall be exempt from compliance with the Act and other Federal audit requirements. These State and local governments shall be governed by audit requirements prescribed by State or local law or regulation.

d. Nothing in this paragraph exempts State or local governments from maintaining records of Federal financial assistance or from providing access to such records to Federal agencies, as provided for in Federal law or in Circular A-102, "Uniform requirements for grants to State or local governments."

5. *Definitions.* For the purposes of this Circular the following definitions from the Single Audit Act apply:

a. "Cognizant agency" means the Federal agency assigned by the Office of Management and Budget to carry out the responsibilities described in paragraph 11 of this Circular.

b. "Federal financial assistance" means assistance provided by a Federal agency in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations, but does not include direct Federal cash assistance to individuals. It includes awards received directly from Federal agencies, or indirectly through other units of State and local governments.

c. "Federal agency" has the same meaning as the term "agency" in section 551(1) of Title 5, United States Code.

d. "Generally accepted accounting principles" has the meaning specified in the generally accepted government auditing standards.

e. "Generally accepted government auditing standards" means the *Standards For Audit of Government Organizations, Programs, Activities, and Functions*, developed by the Comptroller General, dated Febuary 27, 1981.

f. "Independent auditor" means:

(1) A State or local government auditor who meets the independence standards specified in generally accepted government auditing standards; or

(2) A public accountant who meets such independence standards.

g. "Internal controls" means the plan of organization and methods and procedures adopted by management to ensure that:

(1) Resource use is consistent with laws, regulations, and policies;

(2) Resources are safeguarded against waste, loss, and misuse; and

(3) Reliable data are obtained, maintained, and fairly disclosed in reports.

h. "Indian tribe" means any Indian tribe, band, nations, or other organized group or community, including any Alaskan Native village or regional or village corporations (as defined in, or established under, the Alaskan Native Claims Settlement Act) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

i. "Local government" means any unit of local government within a State, including a county, a borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, and any other instrumentality of local government.

j. "Major Federal Assistance Program," as defined by Pub. L. 98-502, is described in the Attachment to this Circular.

k. "Public accountants" means those individuals who meet the qualification standards included in generally accepted government auditing standards for personnel performing government audits.

l. "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, any instrumentality thereof, and any multi-State, regional, or interstate entity that has governmental functions and any Indian tribe.

m. "Subrecipient" means any person or government department, agency, or establishment that receives Federal financial assistance to carry out a program through a State or local government, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a direct recipient of Federal financial assistance.

6. *Scope of audit.* The Single Audit Act provides that:

a. The audit shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits.

b. The audit shall cover the entire operations of a State or local government or, at the option of that government, it may cover departments, agencies or establishments that received, expended, or otherwise administered Federal financial assistance during the year. However, if a State or local government receives $25,000 or more in General Revenue Sharing Funds in a fiscal year, it shall have an audit of its entire operations. A series of audits of individual departments, agencies, and establishments for the same fiscal year may be considered a single audit.

c. Public hospitals and public colleges and universities may be excluded from State and local audits and the requirements of this Circular. However, if such entities are excluded, audits of these entities shall be made in accordance with statutory requirements and the provisions of Circular A-110, "Uniform requirements for grants to universities, hospitals, and other nonprofit organizations."

d. The auditor shall determine whether:

(1) The financial statements of the government, department, agency or establishment present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles;

(2) The organization has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations; and

(3) The organization has complied with laws and regulations that may have material effect on its financial statements and on each major Federal assistance program.

7. *Frequency of audit.* Audits shall be made annually unless the State or local government has, by January 1, 1987, a constitutional or statutory requirement for less frequent audits. For those governments, the cognizant agency shall permit biennial audits, covering both years, if the government so requests. It shall also honor requests for biennial audits by governments that have an administrative policy calling for audits less frequent than annual, but only for fiscal years beginning before January 1, 1987.

8. *Internal control and compliance reviews.* The Single Audit Act requires that the independent auditor determine and report on whether the organization has internal control systems to provide reasonable assurance that it is managing Federal assistance programs in compliance with applicable laws and regulations.

a. *Internal control review.* In order to provide this assurance the auditor must make a study and evaluation of internal control systems used in administering Federal assistance programs. The study and evaluation must be made whether or not the auditor intends to place reliance on such systems. As part of this review, the auditor shall:

(1) Test whether these internal control systems are functioning in accordance with prescribed procedures.

(2) Examine the recipient's system for monitoring subrecipients and obtaining and acting on subrecipient audit reports.

b. *Compliance review.* The law also requires the auditor to determine whether the organization has complied with laws and regulations that may have a material effect on each major Federal assistance program.

(1) In order to determine which major programs are to be tested for compliance, State and local governments shall identify in their accounts all Federal funds received and expended and the programs under which they were received. This shall include funds received directly from Federal agencies and through other State and local governments.

(2) The review must include the selection and testing of a representative number of charges from each major Federal assistance program. The selection and testing of transactions shall be based on the auditor's professional judgment considering such factors as the amount of expeditures for the program and the individual awards; the newness of the program or changes in its conditions; prior experience with the program, particularly as revealed in audits and other evaluations (e.g., inspections, program reviews); the extent to which the program is carried out through subrecipients; the extent to which the program contracts for goods or services; the level to which the program is already subject to program reviews or other forms of independent oversight; the adequacy of the controls for ensuring compliance; the expectation of adherence or lack of adherence to the applicable laws and regulations; and the potential impact of adverse findings.

(a) In making the test of transactions, the auditor shall determine whether:

—The amounts reported as expenditures were for allowable services, and

—The records show that those who received services or benefits were eligible to receive them.

(b) In addition to transaction testing, the auditor shall determine whether:

—Matching requirements, levels of effort and earmarking limitations were met,

—Federal financial reports and claims for advances and reimbursements contain information that is supported by the books and records from which the basic financial statements have been prepared, and

—Amounts claimed or used for matching were determined in accordance with OMB Circular A-87, "Cost principles for State and local governments," and Attachment F of Circular A-102, "Uniform requirements for grants to State and local governments."

(c) The principal compliance requirements of the largest Federal aid programs may be ascertained by referring to the *Compliance Supplement for Single Audits of State and Local Governments*, issued by OMB and available from the Government Printing Office. For those programs not covered in the Compliance Supplement, the auditor may ascertain compliance requirements by researching the statutes, regulations, and agreements governing individual programs.

(3) Transactions related to other Federal assistance programs that are selected in connection with examinations of financial statements and evaluations of internal controls shall be tested for compliance with Federal laws and regulations that apply to such transactions.

9. *Subrecipients.* State or local governments that receive Federal financial assistance and provide $25,000 or more of it in a fiscal year to a subrecipient shall:

a. Determine whether State or local subrecipients have met the audit requirements of this Circular and whether subrecipients covered by Circular A-110, "Uniform requirements for grants to universities, hospitals, and other nonprofit organizations," have met that requirement;

b. Determine whether the subrecipient spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subrecipient made in accordance with this Circular, Circular A-110, or through other means (e.g., program reviews) if the subrecipient has not yet had such an audit;

c. Ensure that appropriate corrective action is taken within six months after receipt of the audit report in instances of noncompliance with Federal laws and regulations;

d. Consider whether subrecipient audits necessitate adjustment of the recipient's own records; and

e. Require each subrecipient to permit independent auditors to have access to the records and financial statements as necessary to comply with this Circular.

10. *Relation to other audit requirements.* The Single Audit Act provides that an audit made in accordance with this Circular shall be in lieu of any financial or financial compliance audit required under individual Federal assistance programs. To the extent that a single audit provides Federal agencies with information and assurances they need to carry out their overall responsibilities, they shall rely upon and use such information. However, a Federal agency shall make any additional audits which are necessary to carry out its responsibilities under Federal law and regulation. Any additional Federal audit effort shall be planned and carried out in such a way as to avoid duplication.

a. The provisions of this Circular do not limit the authority of Federal agencies to make, or contract for audits and evaluations of Federal financial assistance programs, nor do they limit the authority of any Federal agency Inspector General or other Federal audit official.

b. The provisions of this Circular do not authorize any State or local government or subrecipient thereof to constrain Federal agencies, in any manner, from carrying out additional audits.

c. A Federal agency that makes or contracts for audits in addition to the audits made by recipients pursuant to this Circular shall, consistent with other applicable laws and regulations, arrange for funding the cost of such additional audits. Such additional audits include economy and efficiency audits, program results audits, and program evaluations.

11. *Cognizant agency responsibilities.* The Single Audit Act provides for cognizant Federal agencies to oversee the implementation of this Circular.

a. The Office of Management and Budget will assign cognizant agencies for States and their subdivisions and larger local governments and their subdivisions. Other Federal agencies may participate with an assigned cognizant agency, in order to fulfill the cognizance responsibilities. Smaller governments not assigned a cognizant agency will be under the general oversight of the Federal agency that provides them the most funds whether directly or indirectly.

b. A cognizant agency shall have the following responsibilities:

(1) Ensure that audits are made and reports are received in a timely manner and in accordance with the requirements of this Circular.

(2) Provide technical advice and liaison to State and local governments and independent auditors.

(3) Obtain or make quality control reviews of selected audits made by non-Federal audit organizations, and provide the results, when appropriate, to other interested organizations.

(4) Promptly inform other affected Federal agencies and appropriate Federal law enforcement officials of any reported illegal acts or irregularities. They should also inform State or local law enforcement and prosecuting authorities, if not advised by the recipient, of any violation of law within their jurisdiction.

(5) Advise the recipient of audits that have been found not to have met the requirements set forth in this Circular. In such instances, the recipient will be expected to work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency shall notify the recipient and Federal awarding agencies of the facts and make recommendations for follow-up action. Major inadequacies or repetitive substandard performance of independent auditors shall be referred to appropriate professional bodies for disciplinary action.

(6) Coordinate, to the extent practicable, audits made by or for Federal agencies that are in addition to the audits made pursuant to this Circular; so that the additional audits build upon such audits.

(7) Oversee the resolution of audit findings that affect the programs of more than one agency.

12. *Illegal acts or irregularities.* If the auditor becomes aware of illegal acts or other irregularities, prompt notice shall be given to recipient management officials above the level of involvement. (See also paragraph 13(a)(3) below for the auditor's reporting responsibilities.) The recipient, in turn, shall promptly notify the cognizant agency of the illegal acts or irregularities and of proposed and actual actions, if any. Illegal acts and irregularities include such matters as conflicts of interest, falsification of records or reports, and misappropriations of funds or other assets.

13. *Audit Reports.* Audit reports must be prepared at the completion of the audit. Reports serve many needs of State and local governments as well as meeting the requirements of the Single Audit Act.

a. The audit report shall state that the audit was made in accordance with the provisions of this Circular. The report shall be made up of at least:

(1) The auditor's report on financial statements and on a schedule of Federal assistance; the financial statements; and a schedule of Federal assistance, showing the total expenditures for each Federal assistance program as identified in the *Catalog of Federal Domestic Assistance.* Federal programs or grants that have not been assigned a catalog number shall be identified under the caption "Other Federal assistance."

(2) The auditor's report on the study and evaluation of internal control systems must identify the organization's significant internal accounting controls, and those controls designed to provide reasonable assurance that Federal programs are being managed in compliance with laws and regulations. It must also identify the controls that were evaluated, the controls that were not evaluated, and the material weaknesses identified as a result of the evaluation.

(3) The auditor's report on compliance containing:

- A statement of positive assurance with respect to those items tested for compliance, including compliance with law and regulations pertaining to financial reports and claims for advances and reimbursements;
- Negative assurance on those items not tested;
- A summary of all instances of noncompliance; and
- An identification of total amounts questioned, if any, for each Federal assistance award, as a result of noncompliance.

b. The three parts of the audit report may be bound into a single report, or presented at the same time as separate documents.

c. All fraud abuse, or illegal acts or indications of such acts, including all questioned costs found as the result of these acts that auditors become aware of, should normally be covered in a separate written report submitted in accordance with paragraph 13f.

d. In addition to the audit report, the recipient shall provide comments on the findings and recommendations in the report, including a plan for corrective action taken or planned and comments on the status of cor-

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rective action taken on prior findings. If corrective action is not necessary, a statement describing the reason it is not should accompany the audit report.

e. The reports shall be made available by the State or local government for public inspection within 30 days after the completion of the audit.

f. In accordance with generally accepted government audit standards, reports shall be submitted by the auditor to the organization audited and to those requiring or arranging for the audit. In addition, the recipient shall submit copies of the reports to each Federal department or agency that provided Federal assistance funds to the recipient. Subrecipients shall submit copies to recipients that provided them Federal assistance funds. The reports shall be sent within 30 days after the completion of the audit, but no later than one year after the end of the audit period unless a longer period is agreed to with the cognizant agency.

g. Recipients of more than $100,000 in Federal funds shall submit one copy of the audit report within 30 days after issuance to a central clearinghouse to be designated by the Office of Management and Budget. The clearinghouse will keep completed audits on file and follow up with State and local governments that have not submitted required audit reports.

h. Recipients shall keep audit reports on file for three years from their issuance.

14. *Audit Resolution.* As provided in paragraph 11, the cognizant agency shall be responsible for monitoring the resolution of audit findings that affect the programs of more than one Federal agency. Resolution of findings that relate to the programs of a single Federal agency will be the responsibility of the recipient and that agency. Alternate arrangements may be made on a case-by-case basis by agreement among the agencies concerned.

Resolution shall be made within six months after receipt of the report by the Federal departments and agencies. Corrective action should proceed as rapidly as possible.

15. *Audit workpapers and reports.* Workpapers and reports shall be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by the cognizant agency to extend the retention period. Audit workpapers shall be made available upon request to the cognizant agency or its designee or the General Accounting Office, at the completion of the audit.

16. *Audit Costs.* The cost of audits made in accordance with the provisions of this Circular are allowable charges to Federal assistance programs.

a. The charges may be considered a direct cost or an allocated indirect cost, determined in accordance with the provision of Circular A-87, "Cost principles for State and local governments."

b. Generally, the percentage of costs charged to Federal assistance programs for a single audit shall not exceed the percentage that Federal funds expended represent of total funds expended by the recipient during the fiscal year. The percentage may be exceeded, however, if appropriate documentation demonstrates higher actual cost.

17. *Sanctions.* The Single Audit Act provides that no cost may be charged to Federal assistance programs for audits required by the Act that are not made in accordance with this Circular. In cases of continued inability or unwillingness to have a proper audit, Federal agencies must consider other appropriate sanctions including:

—Withholding a percentage of assistance payments until the audit is completed satisfactorily,

—Withholding or disallowing overhead costs, and

—Suspending the Federal assistance agreement until the audit is made.

18. *Auditor Selection.* In arranging for audit services State and local governments shall follow the procurement standards prescribed by Attachment O of Circular A-102, "Uniform requirements for grants to State and local governments." The standards provide that while recipients are encouraged to enter into intergovernmental agreements for audit and other services, analysis should be made to determine whether it would be more economical to purchase the services from private firms. In instances where use of such intergovernmental agreements are required by State statutes (e.g., audit services) these statutes will take precedence.

19. *Small and Minority Audit Firms.* Small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in contracts awarded to fulfill the requirements of this Circular. Recipients of Federal assistance shall take the following steps to further this goal:

a. Assure that small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals are used to the fullest extent practicable.

b. Make information on forthcoming opportunities available and arrange timeframes for the audit so as to encourage and facilitate participation by small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals.

c. Consider in the contract process whether firms competing for larger audits intend to subcontract with small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals.

d. Encourage contracting with small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals which have traditionally audited government programs and, in such cases where this is not possible, assure that these firms are given consideration for audit subcontracting opportunities.

e. Encourage contracting with consortiums of small audit firms as described in paragraph (a) above when a contract is too large for an individual small audit firm or audit firm owned and controlled by socially and economically disadvantaged individuals.

f. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration in the solicitation and utilization of small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals.

20. *Reporting.* Each Federal agency will report to the Director of OMB on or before March 1, 1987, and annually thereafter on the effectiveness of State and local governments in carrying out the provisions of this Circular. The report must identify each State or local government or Indian tribe that, in the opinion of the agency, is failing to comply with the Circular.

21. *Regulations.* Each Federal agency shall include the provisions of this Circular in its regulations implementing the Single Audit Act.

22. *Effective date.* This Circular is effective upon publication and shall apply to fiscal years of State and local governments that begin after December 31, 1984. Earlier implementation is encouraged. However, until it is implemented, the audit provisions of Attachment P to Circular A-102 shall continue to be observed.

23. *Inquiries.* All questions or inquiries should be addressed to Financial Management Division, Office of Management and Budget, telephone number 202/395-3993.

24. *Sunset review date.* This Circular shall have an independent policy review to ascertain its effectiveness three years from the date of issuance.

David A. Stockman,

Director.

ATTACHMENT—CIRCULAR A-128

Definition of Major Program as Provided in Pub. L. 98-502

"Major Federal Assistance Program," for State and local governments having Federal assistance expenditures between $100,000 and $100,000,000, means any program for which Federal expenditures during the applicable year exceed the larger of $300,000, or 3 percent of such total expenditures.

Where total expenditures of Federal assistance exceed $100,000,000, the following criteria apply:

Total expenditures of Federal financial assistance for all programs		Major Federal assistance program means any program that exceeds
More than	But less than	
$100 million	$1 billion	$3 million.
$1 billion	$2 billion	$4 million.
$2 billion	$3 billion	$7 million.
$3 billion	$4 billion	$10 million.
$4 billion	$5 billion	$13 million.
$5 billion	$6 billion	$16 million.
$6 billion	$7 billion	$19 million.
Over $7 billion		$20 million.

APPENDIX B TO PART 96—ATTACHMENT F TO OFFICE OF MANAGEMENT AND BUDGET CIRCULAR NO. A-110—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND OTHER AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NONPROFIT ORGANIZATIONS.

Attachment F.—Circular No. A-110; Standards for financial management systems

1. This attachment prescribes standards for financial management systems of recipients. Federal sponsoring agencies shall not impose additional standards on recipients unless specifically provided for in the applicable statutes (e.g., the Joint Funding Simplification Act, P.L. 93-510) or other attachments to this circular. However, Federal sponsoring agencies are encouraged to make suggestions and assist recipients in establishing or improving financial management systems when such assistance is needed or requested.

2. Recipients' financial management systems shall provide for:

a. Accurate, current and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements set forth in Attachment G to this circular. When a Federal sponsoring agency requires reporting on an accrual basis, the recipient shall not be required to establish an accrual accounting system but shall develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

b. Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income.

c. Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

d. Comparison of actual outlays with budget amounts for each grant or other agreement. Whenever appropriate or required by the Federal sponsoring agency, financial information should be related to performance and unit cost data.

e. Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient, whenever funds are advanced by the Federal Government. When advances are made by a letter-of-credit method, the recipient shall make drawdowns as close as possible to the time of making disbursements.

f. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the grant or other agreement.

g. Accounting records that are supported by source documentation.

h. Examinations in the form of audits or internal audits. Such audits shall be made by qualified individuals who are sufficiently independent of those who authorize the expenditure of Federal funds, to produce unbiased opinions, conclusions or judgments. They shall meet the independence criteria along the lines of Chapter 3, Part 3 of the U.S. General Accounting Office publication, Standards for Audit of Governmental Organizations, Programs, Activities and Functions. These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the agreements. It is not intended that each agreement awarded to the recipient be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the Federal grants and other agreements. Such tests would include an appropriate sampling of Federal agreements. Examinations will be conducted with reasonable frequency, on a continuing basis or at scheduled intervals, usually annually, but not less frequently than every two years. The frequency of these examinations shall depend upon the nature, size and the complexity of the activity. These examinations do not relieve Federal agencies of their audit responsibilities, but may affect the frequency and scope of such audits.

i. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

3. Primary recipients shall require subrecipients (as defined in paragraph 5 of the basic circular) to adopt the standards in paragraph 2, above except for the requirement in subparagraph 2e, regarding the use of the letter-of-credit method and that part of subparagraph 2a, regarding reporting forms and frequencies prescribed in Attachment G to this circular.

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A list of CFR titles, subtitles, chapters, subchapters and parts and an alphabetical list of agencies publishing in the CFR are included in the CFR Index and Finding Aids volume to the Code of Federal Regulations which is published separately and revised annually.

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For the period before January 1, 1973, see the "List of CFR Sections Affected, 1949-1963 and 1964-1972," which is published in three separate volumes.

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70 Revised	†7266
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70.75 (a) (2) amended; (c) added	†27446
75 Added	†4394
90 Revised	†14909
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94 Revised	†22680
95 Revised	†22685
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96 Revised	†22700
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98 Revised	†22708
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94 Revised; eff. 7-26-76	Δ26338
95 Revised; eff. 7-26-76	Δ26346
96 Revised; eff. 7-26-76	Δ26362
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97.103 Amended	Δ21774
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